Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy ...... L 1300	S. Arabia .. Rls 6.00
Belgium ... Bfr.42	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain .... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils.600	Sri Lanka ... Rup 30
Denmark .. Dkr.7.25	Lebanon .. £L 6.00	Sweden .. Skr 8.50
Egypt .... E£1.00	Luxembourg . Lfr.42	Switzerland SFr 2.20
Finland .. Fmk 8.00	Malaysia .. Rin 4.25	Taiwan ... NT $85
France .. Ffr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 210
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 8.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,755 — Thursday October 17 1985 — D 8523 B

Britain's drive for Latin American markets, Page 5

World news | Business summary

Greens to join SPD in Hesse coalition

THE RADICAL West German environmentalist party, the Greens, and the official opposition, the Social Democrats (SPD), last night agreed after negotiations lasting nearly a year to form a coalition government in the state of Hesse.

The Greens are to be given a new ministry of energy and environment and will be able to nominate a senior state secretary to deal with women's affairs in the office of the state's SPD premier, Herr Holger Börner.

Industry in the state is likely to be appalled at the prospect of a Green minister in both environment and energy. The prospect of such a development led to the retiring chief of the Hoechst chemicals company, Prof Rolf Sammet, warning that the group would have to rethink its plans to widen investment in the state.

South African deaths

Seven more people died in violence in South Africa and 67 were arrested. Earlier story, Page 4

Gandhi arrests

British police charged four Sikhs with conspiracy to murder Indian Prime Minister Rajiv Gandhi during his recent two-day visit to London.

Managua emergency

Nicaragua reintroduced for one year a state of emergency throughout the country which will severely restrict political activities. Page 4

Spanish land seized

Spain launched its first land reform for more than 50 years when a Socialist regional government expropriated 12 unproductive estates in Andalucia.

Weinberger attacked

The Soviet Union is stepping up its attacks on U.S. Secretary of Defence Caspar Weinberger, who it sees as the leader of a group within the Administration dedicated to undermining the Geneva summit between President Reagan and Soviet leader Mikhail Gorbachev. Page 3

Ceasefire monitored

A government-appointed committee to monitor a ceasefire between ethnic groups in Sri Lanka began work to quell communal violence in which more than 2,000 people have died in two years. Page 4

Bhutto seeks freedom

Pakistani opposition leader Benazir Bhutto has asked military authorities to free her from detention so that she can appear before a French court investigating the death of her brother.

Freighter disaster

Sixty-one people were missing after a Panamanian-registered freighter, the Marcos Faberes, sank off Luzon Island in the Philippines.

Nobel prizes

Prof Klaus von Klitzing of West Germany was awarded the 1985 Nobel physics prize for work likely to prove of key importance for the future of electronics. Prof Herbert A. Hauptman and Prof Jerome Karle of the U.S. won the chemistry prize for their work in making safe drugs.

Rebels kill 17

Rebels fighting to topple the new Ugandan military Government said they killed 17 soldiers and captured 82 during clashes at a key bridge 60 miles south-west of Kampala.

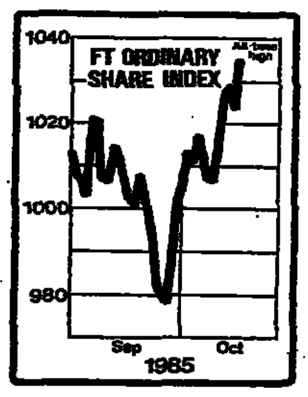
EEC hanging plea

The European Community has decided to renew its appeal to South Africa not to execute black activist Benjamin Moloise.

Wall St surges 17.69 to record

WALL STREET: A late upswing in blue-chip stocks pushed the Dow Jones industrial average to a record closing peak of 1,368.50, up 17.69 on the day, nine points above the previous high in July. Page 40

TOKYO: Investor concern over high prices brought the Nikkei-Dow market average down 18.96 to 13,036.56. Page 40



LONDON: Encouraging trading results and continued bid speculation took the FT Ordinary index up 11 to a record 1,034.9. The FT-SE 100-share index closed 5.3 higher at 1,326.2. Page 40

DOLLAR ended in New York at DM 2.6723, SwFr 2.193, FFr 8.14 and Y216.43. It rose sharply in London, rising to DM 2.685 (DM 2.6615), FFr 8.1825 (FFr 8.115), SwFr 2.204 (SwFr 2.1835) and Y217.4 (Y215.5). On Bank of England figures the dollar's index rose to 132.1 from 131.4. Page 33

STERLING ended in New York at $1.414. It lost ½ cent against the dollar in London to $1.408, but improved to DM 3.78 (DM 3.76), FFr 11.52 (FFr 11.465), SwFr 3.155 (SwFr 3.085) and Y306.0 (Y304.5). The pound's exchange rate index rose 0.1 to 80.4. Page 33

GOLD: In New York the Comex December settlement was $368.8. Gold fell $3.75 on the London bullion market to $323.50 and was also lower in Zurich at $323.75. Page 32

U.S. INDUSTRIAL production in September fell 0.1 per cent, the Federal Reserve Board reported. Page 4

ISRAELIS with money placed abroad may find themselves facing a 15 per cent levy on their investments. Page 4

NORWAY'S biggest commercial bank, Den norske Creditbank, improved operating margins in the first eight months despite higher costs and government curbs on interest income. Page 21

CONTINENTAL ILLINOIS, the Chicago bank, continued its recovery in the third quarter, sharply reducing borrowings under its federally sponsored rescue programme and posting operating earnings of $59m. Page 21

SANKO STEAMSHIP failed Japanese shipping group, struck new problems in its rehabilitation programme when nine creditor trading houses refused to share its financial burden of Y10bn ($46.4m), jeopardising restructuring proposals which must be agreed by the end of the month if the group is to stay in business. Page 22

MERCK, U.S. pharmaceuticals group, reported a 13 per cent increase in third-quarter net earnings to $136.1m on unchanged sales of $856m.

CATERPILLAR TRACTOR, the world's largest manufacturer of earth-moving and construction equipment, which lost nearly $1bn between 1982 and 1984, reported third-quarter net profits of $131m against a loss of $92m in the same quarter last year.

KOHLBERG Kravis Roberts & Co. Wall Street leveraged buyout specialists, said the pigments division of SCM, which is fighting a takeover bid from Hanson Trust of the UK, was worth $550m and not the $350m at which SCM had undertaken to sell it under a rival offer.

Spadolini resigns and threatens Craxi coalition

BY JAMES BUXTON IN ROME

THE ITALIAN Government of Sig Bettino Craxi now appears certain to fall after yesterday's decision by the Republican party headed by Sig Giovanni Spadolini, the Minister of Defence, to pull out of the five-party coalition.

But though the three Republican Ministers in the Government handed in their resignation last night, Sig Craxi has not yet resigned himself. He may do so this morning, or he may wait until after addressing parliament in a session scheduled for this evening to examine the Government's handling of the crisis of the Achille Lauro hijack last week.

The Republican party is leaving the Government because of its intense disapproval of Sig Craxi's decision last Saturday to allow Mohammed Abu Abbas, the Palestinian leader, to leave Italy.

Abu Abbas was taken to Italy against his will aboard an Egyptair aircraft diverted to Sicily by fighters from the U.S. Navy. He was allowed to leave for Yugoslavia on Saturday evening.

The Republicans object not only to the fact that Abu Abbas was not obliged to face interrogation by Italian magistrates investigating the hijack, but also at the total lack of consultation with the rest of the Government by Sig Craxi and Sig Giulio Andreotti, the Foreign Minister, who between them took the decision to let Abu Abbas go.

The U.S. embassy in Damascus positively identified a body washed ashore in Syria as that of Mr Leon Klinghoffer, aged 69, who was shot and killed during the hijacking of the Italian cruise ship Achille Lauro.

The Republicans are furthermore furious that on Monday, when Sig Spadolini refused to attend a meeting of the inner-Cabinet to discuss the issue, Sig Craxi went ahead with it regardless, thereby demeaning the Defence Minister and an important element in the coalition.

In a strong statement yesterday, the Republican party said that these acts "would create very serious precedents, which could further weaken the functioning of the state."

The crisis, which is the culmination of mounting unhappiness on the part of the Republican party at the distinctly pro-Palestinian tilt of the Government's Mediterranean policy, appears set to end the second-longest surviving government in Italy's post-war history.

News of the almost certain fall of the Government provoked expressions of dismay among business leaders, concern at the lack of continuity and uncertainty that the crisis will bring.

But last night it was not clear when Sig Craxi would go to the Quirinale Palace to hand in his resignation to Sig Francesco Cossiga, the President of the Republic. Although Sig Craxi declared yesterday that he wanted to address parliament, the Christian Democrats are opposed to the holding of the debate in the present highly charged political atmosphere, and it might be cancelled. The Republicans said earlier this week that they would not support the Government on its decision to release Abu Abbas.

Feverish efforts in the past three days by political leaders to prevent the Government falling failed because of the depth of feeling on the part of Sig Spadolini and his party and because of an attitude of remarkable unconcern about Sig Spadolini's dismay on the part of Sig Craxi, the Socialist Prime Minister.

Sig Craxi was barely conciliatory to Sig Spadolini in a letter he sent him on Tuesday, even though he was under pressure from the Christian Democrats.

Security dealers press for own UK watchdog

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

THE RIFT between the London Stock Exchange and international securities dealers in the UK widened yesterday as a large group of prominent foreign bankers and brokers decided to press ahead with plans to form their own UK regulatory organisation.

Representatives of some of the world's most influential financial groups met in London yesterday and decided to form a steering committee. The committee will be responsible for creating an organisation to regulate the affairs of international securities dealers in London.

Sir Kenneth Berrill, chairman of the financial community's main regulatory body, the Securities and Investments Board, is to be notified formally that a self-regulatory organisation for international securities "is in the process of formation."

Stock exchange officials, concerned about the latest initiative, gave a warning that "the regulation of international securities trading within such a new and untried self-regulatory organisation could lead to a fragmentation of the central market in securities in the UK and a consequent undermining of standards of investor protection."

In an effort to ensure that international securities dealers were not deterred from participating on the stock exchange, officials said the exchange was "examining ways of reducing entry costs."

The stock exchange is concerned that the new body might provide an attractive alternative to dealers in securities who might otherwise become members of the exchange. The stock exchange itself intends to become a recognised self-regulatory organisation in the reformed system of supervision in London's financial community.

Mr Ian Steers, of Canadian broker Wood Gundy, who has chaired an ad hoc committee to start the formation of a self-regulatory organisation, replied to stock exchange criticisms of the move.

"I cannot understand this sudden concern. This has been going on since the beginning of July," he said. "I do not know what fragmentation means. Anyone who knows anything about the market knows that 90 per cent of the business has been done outside the stock exchange for a very long time."

Yesterday's meeting was organised by the Association of International Bond Dealers and the International Primary Market Association, both Eurobond associations.

The meeting agreed to set up a steering committee, initially with 15 members, and estimated that the organisation – provisionally called the International Securities Regulatory Organisation – would need an annual budget of about £1m ($1.4m) to £1.25m.

Securities firms backing the move are to be asked to put up an initial £3,000 each as "seed money" to fund the creation of the new body. Companies employing under 15 staff will be asked to contribute £1,000.

Lex, Page 20

Brussels sets campaign for attack on unemployment

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission yesterday set out plans for an EEC-wide assault on unemployment involving trade unions and employers in a combined strategy of wage moderation and steady expansion of demand.

It singled out West Germany as the member state with the greatest room for manoeuvre to expand demand, both by stepping up public investment and accelerating its promised tax reforms.

It also pinpointed the UK as the country most urgently in need of improved dialogue between unions, employers and the Government, in order to gain co-operation in a job-creating economic policy.

The annual economic report of the Commission warns that all economic forecasts predict no substantial reduction in unemployment levels in the Community, now more than 11 per cent, on present growth trends.

It holds out the prospect of cutting the unemployment rate to about 7 per cent by 1990, with an annual average growth rate boosted from 2.5 to 3.5 per cent, if the Commission approach is adopted by member states.

The strategy would seek to combine a tough attitude towards real wage increases – to be kept below the rate of increase of productivity – and greater labour market flexibility, with active public sector stimulation of demand. The Commission insists that monetary expansion must be kept under strict control, to prevent any return to inflationary growth.

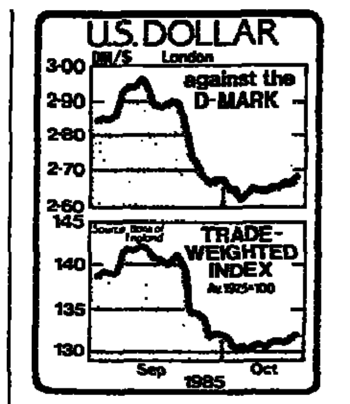
Herr Alois Pfeiffer, the Commissioner responsible for economic policy, said yesterday: "Co-operation between the social partners (unions and employers) and the governments represents the key to the success of this strategy."

The West German Government, in particular, is urged to make greater use of its "room for manoeuvre" on demand expansion – which exists because of its low inflation rate – a growth rate that could exceed 3 per cent in 1986, a budget deficit still declining and a substantial balance of payments' current account surplus.

Herr Pfeiffer said the room for manoeuvre should be used to increase public investment in areas such as urban renewal and environ-

Continued on Page 20

UK employment, Page 7; EEC treaty reform move, Page 20



Intervention fails to halt rise in dollar

By Philip Stephens in London

FOREIGN exchange markets yesterday began to test the resolve of the leading industrial nations' intervention pact against the dollar, attempting to push the U.S. currency higher despite intervention by several central banks.

There were signs, however, that the U.S. Federal Reserve is now prepared to intervene more aggressively, which could pave the way for smoother co-ordination between central banks.

Although the five parties to the pact – the U.S., Japan, West Germany, Britain and France – insist that their strategy has not changed since their meeting in New York last month, officials acknowledge that there have been some differences over tactics.

In particular, the European central banks have been looking for a more aggressive stance by the U.S. authorities before committing substantial amounts of their reserves to intervention.

Yesterday, however, the Fed sold hundreds of millions of dollars in the Tokyo and New York markets, supplementing intervention by the Bank of Japan. The West German Bundesbank and some other European central banks responded by intervening in European trading.

Senior monetary officials said that the foreign exchange markets' guess that the U.S. authorities had sold between $50m and $100m was a serious underestimate. One said that the Fed had sold about $350m in Tokyo alone.

The officials acknowledged that strong demand for the dollar ahead of today's revised figures for U.S. growth meant that the central banks could only smoothe the U.S. currency's rise.

In London the dollar closed at its highest level for three weeks, rising 2.35 pfennigs against the D-Mark to DM 2.6850. Against the yen it rose from Y214.50 to Y217.40, while the

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U.S. industrial production falls, Page 4; Money markets, Page 33

Beatrice faces record buyout worth $4.9bn

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

KOHLBERG, KRAVIS, Roberts, the Wall Street investment firm, yesterday proposed taking Beatrice Companies private in a leveraged buyout deal which values the second largest food conglomerate in the U.S. at $4.9bn.

If the deal goes ahead at the proposed price of $45 a share it would rank as the biggest leveraged buyout ever. Beatrice's share price has risen sharply in recent weeks, fulled by a wave of takeover speculation. Yesterday, in the wake of the KKR announcement, Beatrice's stock gained $2¼ to $44⅝ in heavy early trading.

Details of the proposed bid remained sketchy yesterday as Beatrice asked KKR to put an initial oral approach into more concrete terms. KKR confirmed that it was proposing to offer $45 a share but gave no information on how it planned to finance the deal other than indicating that Drexel Burnham Lambert, the Wall Street specialists in junk-bond financing, are involved in the negotiations.

Wall Street analysts speculated yesterday that Mr Donald Kelly, the former chairman of Esmark, might also be behind the planned bid. Beatrice acquired Esmark in a $2.7bn deal last summer, outbidding Mr Kelly who had offered to take Esmark private in a $2.4bn leveraged buyout which was also backed by KKR.

Since then Wall Street has grown increasingly disillusioned about the Beatrice/Esmark merger which was engineered by Mr James Dutt, then Beatrice's chairman, who was ousted two months ago.

The process of bringing Beatrice together with Esmark, itself formed out of a merger with another conglomerate, Norton Simon, has proved extremely difficult. The company has been in constant turmoil as it has tried to integrate two management teams while selling large chunks of its non-food and consumer goods businesses in an effort to reduce debt.

Only two weeks ago Beatrice's new chairman, Mr William Granger, announced plans to sell its Avis car hire subsidiary, and three other business units, as part of efforts to raise $2bn.

"Beatrice appears to have bitten off more than it can chew," said Mr John Maxwell of Furman Selz Mager Dietz and Birney.

Some Wall Street brokers have suggested that Beatrice's heavy debt burden, which amounts to about 45 per cent of its total capital, would insulate it from takeover offers, particularly leveraged deals which would add further to debt.

U.S. to sue EEC over wheat cash

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Ronald Reagan is to take U.S. complaints about European Community wheat subsidies to the General Agreement on Tariffs and Trade (Gatt).

Yesterday's move seems certain to lead to a sharp deterioration in the already poor relations between the Community and the U.S. over agricultural trade.

In Brussels, the Commission quickly responded by threatening to consider action in the Gatt against the U.S. farm export subsidy programme introduced in the spring.

The President is also taking action against South Korea for allegedly failing to protect intellectual property rights, particularly over publishing copyright.

The U.S. has unsuccessfully sought changes from Korea on copyrights and patents for the past two years. The Administration said the effect of Korean laws was to produce "counterfeit products" which in the area of books, has cost over $170m annually. Action would be taken under Section 301 of the Trade Act of 1974, which allows the President to retaliate against Korean imports if consultations fail to produce results.

The President's actions represent another attempt to defuse protectionist pressures in Congress, where concern over the forecasts of a $150bn trade deficit has produced complaints about the Administration's handling of trade policy. Three earlier U.S. cases have been filed: against South Korea, for prohibiting foreign insurance; Brazil, for prohibiting the sale of U.S. computers; and Japan, for restricting the sale of U.S. cigarettes.

Mr Larry Speakes, the Presi-

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Commodities, Page 32

CONTENTS

Austria's presidential election is highlighting a new threat to the established parties, reports **Patrick Blum**

Greens make mark on Austrian political landscape

THE RACE for a new Austrian President has begun in earnest. The two main candidates made their first electoral appearances last week, in a contest which promises to be unusually long and fierce by Austrian standards.

Although it will not take place until next May, some of Austria's more troublesome political issues are likely to be aired. Questions of political morality and Government efficiency will figure high in the campaign, with the attention of the two main parties firmly focused on the parliamentary election set to take place within the following 12 months.

The conservative opposition People's Party (OVP) is hoping that a victory in the presidential election for Dr Kurt Waldheim, the former United Nations Secretary-General who is running as an independent with its support, will turn the tide in its favour for the parliamentary election.

The OVP has done poorly in the polls so far, failing to capitalise on Government blunders, and at mid term in the parliament's life trails behind the ruling socialist party (SPO) with no evident hope of winning an outright majority in parliament. Its hope for power is pinned on a return to a grand coalition such as ruled Austria from the end of the war until 1966.

The Socialist party is divided about the possibilities of a grand coalition, but the leadership including Chancellor Fred Sinowatz, would prefer a continued coalition with the small right wing Freedom Party (*FPO*).

Dr Kurt Steyrer, the Socialist Minister for Health and the Environment and the party's Presidential candidate, is facing an uphill struggle. According to a recent poll carried out by the ORF, the state broadcasting corporation, Dr Steyrer trails behind his opponent with 40 per cent of those polled in his favour, compared with 57 per cent for Dr Waldheim.

Nominees of the Socialists have won all Austrian Presidential elections since the war, and defeat would be a serious setback. Senior Socialists fear that, if elected, Dr Waldheim could have a decisive influence on what sort of government should be formed after the next general election if neither majority party wins a clear majority.

Austrian presidents have generally acted as heads of state above party, but at certain crucial moments, for instance when a Chancellor has to be nominated to head the Government after a parliamentary election, they do have important discretionary powers.

Both big parties are suffering from a surge of "Green" sentiment. Green issues have dominated the political scene, caused bitter divisions in all three *established parties*, and at times paralysing the Government.

Green parties have drained support from the established parties, *although* more from the Socialist and Freedom Parties than from the conservatives.

They have attracted a considerable number of new younger voters, but in recent elections for the provincial parliament of upper Austria, the Green parties suffered their first serious setback, failing to win any seats. This does not, however, point to their decline, as they faced a well-organised campaign by the popular conservative leader of upper Austria. Their own appeal was blunted by the fact that three Green parties were competing against each other.

The Green threat remains a prime concern of the political establishment and several publications have recently run major features on the dangers posed to Austria's economy and future by the Green lobby. Industrie, the *staid* weekly magazine of the industrialists' association, warned in a recent issue against what it described as the Greens' technological *nihilism* and their *campaign of* "psychological terror" against industry.

The Green parties are small and militant but they have drawn on a deep well of public concern about the environment. On major issues they have been able to rely on a popular vote extending well beyond their own immediate supporters while the established parties have floundered in confusion and political opportunism.

In the case of the nuclear power plant at Zwentendorf, built in the 1970s but never commissioned, the major parties mishandled the issue. Former Chancellor Dr Bruno Kreisky turned a referendum on nuclear power into a personal plebiscite but the tactic backfired and the referendum came out narrowly against using the plant.

Recent polls suggest that there is now a clear majority for commissioning it but the OVP which says it favours nuclear power has refused to help the Government by allowing a free vote in Parliament on holding another referendum.

The Greens are fired with *moral outrage* against what they describe as the bullying, high-handed and bureaucratic methods of conventional party politics and of the political *establishment, which includes* the trade unions.

Faced with such a disparate but wide-ranging opposition the Government has repeatedly been thrown onto the defensive and the Conservatives into disarray. When opposition built up against a proposed hydro-electric station at Hainburg last year the Government at first did nothing. Then it under-estimated the popular feeling about the issue, over-reacted with an unprecedented display of police strength and was finally forced to retreat. The project has now effectively been shelved for the indefinite future.

The unexpected *last-minute* decision in September by a local council to withhold planning permission for a $285m joint venture with Japan to manufacture integrated circuits in Austria on the grounds that it would pollute the environment shocked the political establishment. Another site is now eagerly being sought, but the affair was a serious blow against the Government's drive to attract foreign investment in Austria.

*For Voest-Alpine, the state-*owned steel, engineering, electronics and trading group, which was to be the Austrian partner in the joint venture with Oki, it was a *blow against the group's* efforts to restructure its activities towards new high technology areas.

Together, these issues point to a growing resentment against the political establishment. All the major parties have lost ground since the 1983 general elections, especially the two in Government. The Socialist Party in particular is losing votes to the Greens in the major industrial cities once the heartland of its support.

VGO, the largest of the Green parties, has more than doubled its support from 1.9 per cent in 1983 to 4.3 per cent last month, bringing it to the same level as the Freedom party, the junior partner in the coalition Government. The left-wing ALO Green party now accounts for just under 2 per cent of support with other smaller groupings accounting for under 1 per cent.

A combined Green campaign in general elections would draw a significant number of voters away from the established parties. Increasingly, those parties are beginning to feel a chill wind blowing through the Austrian political environment.

Jopling warns over Spanish fishing in British waters

BY DAVID WHITE IN MADRID

SPANISH-CREWED fishing vessels will be able to bypass licence restrictions in British waters next year unless a settlement is reached between the UK and Spain, Mr Michael Jopling, Minister of Agriculture, Fisheries and Food, warned at the end of a visit here.

He said he had discussed the issue with his Spanish counterpart, Sr Carlos Romero, but that further talks would be needed. Britain cracked down two years ago on the use of its flag by Spanish vessels, with a requirement that crews should be 75 per cent British or EEC nationals in order for *the boat to* qualify as British.

However, once Spain becomes a member of the EEC in January, the UK authorities cannot legally make a distinction for Spanish crews.

The problem arose in the late 1970s when Spanish trawler owners were enabled by Spanish law to set up joint ventures registered in other countries, *allowing them to* gain access to fishing waters from which they were otherwise excluded as a result of *the EEC's restrictive* licensing policies.

These joint ventures were established mainly in the UK and Ireland for trawlers work*ing out of* northern Spanish ports and accustomed to fishing in the waters off the south-west of the British Isles. Ireland followed Britain in imposing crewing *restrictions* in a bid to limit this practice.

The Spanish owners responded by flying in British skippers and crews in order *to meet the* 75 per cent requirement.

Mr Jopling said there were currently reckoned to be 75 Spanish vessels fishing in British waters.

The terms of Spain's accession treaty to the EEC maintain strict licensing limits on the activity of Spanish fishermen in Community waters during the first *10 years of* membership.

On the impact of Spanish agriculture on the Community's farm costs, Mr Jopling said he was encouraged by the Madrid Government's attitude towards eliminating production surpluses.

Doubts cast on economics of nuclear reprocessing

BY DAVID MARSH IN PARIS

A SURPRISINGLY pessimistic forecast on the outlook for reprocessing of spent nuclear fuel has been made by a top official of the French Atomic Energy Commission. This adds to doubts about the economic feasibility of the large reprocessing capacities built up in France.

M Georges Vendryes, assistant director at the Commissariat à l'Energie Atomique (CEA) said large-scale development of reprocessing to separate plutonium from spent fuel would probably not get under way for another 20 years.

He is one of France's leading experts on fast breeder reactors, giving an opportunity of stretching out almost indefinitely the world's limited uranium resources. M Vendryes last year won the Enrico Fermi prize for his work in this area.

Speaking at a conference commemorating the 40th anniversary of the CEA, M Vendryes—who stressed that he was giving his personal views—said that electricity utilities' readiness to decide quick reprocessing of spent nuclear fuel would be "weak" in the next few years.

This contrasts with the commercial position adopted by the CEA's nuclear fuel services subsidiary, Cogema, which is trying to encourage international utilities to sign short term reprocessing contracts to fill up spare capacity at its La Hague reprocessing plant near Cherbourg in northwestern France.

Utilities have been growing more reluctant to sign reprocessing contracts because of the weak uranium price, a result of discovery of more world uranium reserves as well as the general nuclear energy slowdown.

Additionally, willingness to separate plutonium has been dampened by considerable delays in bringing fast breeder reactors into commercial service. The date for introducing these reactors on a widespread scale has been pushed back at least until the first decade of the 21st century.

Tirana lifts curtain for Tass

By David Buchan

THE POSSIBILITY of Albania ending decades of official hostility towards the Soviet Union has been raised with this week's announcement by Tass, the Soviet news agency, that it was appointing a correspondent to Tirana.

Albania, under the late Enva Hoxha, broke with the Soviet Union in 1961, angrily denouncing Khrushchev for his denigration of Stalin and his partial reconciliation with Tito, the Yugoslav leader whom Hoxha condemned as a revisionist.

Since then, Albania has maintained total hostility, accusing the Soviet Union of "social-imperialism" and putting it on a par with "imperialist" America.

On the death of Mr Hoxha last April, the new Soviet leadership offered its condolences, but Albania's new ruler, Mr Ramiz Alia, promptly "rejected" them.

Nevertheless, the Soviet press, which long ignored Albania, has resumed low-key and relatively favourable coverage of a country which, in the 1950s, served as a base for Soviet *submarines*.

The main feature of the last years of Mr Hoxha's and the first few months of Mr Alia's tenure in power has been an opening-up of trade towards those Western neighbours with whom Albania has diplomatic relations, Italy, Greece and France.

Discussions have also started with Britain over disputed gold that has prevented re-establishment of diplomatic relations between London and Tirana.

Meanwhile, a new museum in Tirana is to be dedicated to the memory of Mr Hoxha and his works, it was announced this week. Even after his death, he is still the object of an extraordinary personality cult.

Public support for Nato growing, poll suggests

BY OUR MADRID CORRESPONDENT

PUBLIC OPINION in Spain may be swinging in favour of the Socialist *Government's* arguments for staying in Nato. This is suggested by the latest opinion poll taken as battle lines are being drawn up for the promised referendum on the question next spring.

The poll published by the pro-Nato weekly magazine Cambio 16 shows the percentage of Spaniards opposed to staying in the alliance dropping to 34 per cent, lower than in any other recent poll, against 38 per cent in favour.

While 28 per cent were still undecided, a surprisingly high proportion of 72 per cent said they would "definitely" or "probably" vote. One of the worries of the Government has been the prospect of a low turnout, with widespread abstention among the predominantly pro-Nato supporters of the Right-wing opposition.

Sr Felipe Gonzalez, the Prime Minister, made clear a year ago that he supported Spain's maintaining its status quo on Nato, which it joined in 182, while keeping it outside the alliance's military structure and reducing the country's U.S. bases.

Addressing Parliament yesterday on the state of the nation, *he insisted* on the "necessity" of continuing in the alliance, for what he termed both international and internal reasons. At a time when Spain was coming out of its isolation and joining the European Community, the country should accept taking part in a collective defence organisation, he said.

Holding the referendum, in spite *of* the Socialist leadership's change of heart on Nato, is seen as crucial to the Government's credibility, not least to its own suporters on the Left.

Socialist union *leaders* and a handful of Socialist MPs were among 100 prominent figures to sign a paid advertisement in Spanish newspapers this week *by the Movement for Peace*, Disarmament and Liberty, insisting that the referendum take place and opposing membership of any military bloc.

The declaration, which formalises the dissidents' split with the majority Socialist Party position, was signed by most of the leadership of the UGT trade union, including Sr Nicolas Redondo, the secretary-general.

Hungary aims for 3% growth

HUNGARY IS setting its sights *on economic growth* of 3 per cent a year for 1986-90, despite failing to achieve that rate in any of the past five years and recording a poorer performance than most Comecon countries this year, writes **David Buchan**.

Mr Gyorgy Lazar, the Prime Minister, also said the Government would try to raise real incomes by 2 per cent a year, with more pay differentiation to reward harder work, but an overhauled tax system will claw some of these higher wages.

Hungary's net national income grew only 9 per cent in 1981-85, Mr Lazar said.

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West German company earnings rise

BY JONATHAN CARR IN FRANKFURT

WEST GERMAN companies again boosted operating earnings in the first half of this year, laying the basis for more investment spending and steady economic growth in 1986.

The October report of the Bundesbank released today, says gross entrepreneurial income in the first half totalled DM 158bn (£42bn)—or 5 per cent more than in the same period of 1984. The rise means that the recovery in company earnings has now been under way for about three and a half years, after the recession trough of 1980-81.

The central bank's figures also make clear that companies are not just boosting earnings, but are gaining a growing share of national income compared with wage and salary earners.

Entrepreneurial income now makes up nearly 23 per cent of national income compared with less than 19 per cent in 1981, while the share of wage and salary earners has fallen to just over 70 per cent from nearly 75 per cent before.

By holding down costs (not least for labour) and raising earnings, companies have thus regained part of the share of national wealth they lost in the 1970s and have boosted their ability to invest.

In the first half of this year, company spending on machinery and equipment jumped by no less than 17.1 per cent to almost DM 65bn, an unusually sharp rise even though the comparison is with the strike-hit first half of 1984.

The Bundesbank notes that the high level of domestic orders for investment goods (up in July-August by 11 per cent against a year earlier) shows the economic upturn retains a good heal of steam.

Company costs rose by an average 2.6 per cent in the first half, largely because of a strong increase in "imported" costs caused by the strength of the U.S. dollar against the D-Mark. "Home-made" costs alone rose by just 1.2 per cent, with labour spending—much the biggest single factor—rising by 1.2 per cent, after an increase of 2.2 per cent in the second half of last year.

Social Democrats outline strategy for boosting jobs

BY RUPERT CORNWELL IN BONN

A FUTURE Social Democrat (SPD) Government here would boost employment in West Germany by promoting further cuts in the working week, restoring lost purchasing power to consumers, and by stepping up public investment by federal, state and local authorities.

This strategy was outlined by Herr Hans Jochen Vogel the SPD parliamentary leader yesterday during a Bundestag debate on unemployment.

He accused the Government of callousness in its failure to bring down the 9 per cent jobless rate, which is close to a post-war high. The coalition had allowed the burden of its conservative economic policy to fall upon those least equipped to withstand it.

His attack comes barely 24 hours after Herr Johannes Rau, the SPD Premier of North Rhine Westphalia who is all but certain to be the party's next candidate for Chancellor, promised to rescind all welfare cut brought in by the present administration if the Social Democrats are returned to power in 15 months time.

A demand to this effect is a key part of the West German unions' own plans to create jobs, now being pressed in an "action week" of rallies and demonstrations.

Herr Rau's promise has already encountered a volley of criticism from the coalition parties, that it would simply mean a return to the bad old days of the former SPD-led coalition under Chancellor Helmut Schmidt, with a large increase in both public borrowing and the inflation rate.

Moscow says Weinberger out to torpedo summit

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union is stepping up its attacks on Mr Caspar Weinberger, the U.S. Secretary of Defence. It sees him as the leader of a group within the Administration dedicated to torpedoing the Geneva summit next month.

In recent months, senior Soviet commentators have increasingly focussed on Mr Weinberger and figures such as Mr Richard Perle, Assistant Secretary of Defence, as obstacles to talks between Washington and Moscow.

Mr Leonid Zamiatin, head of the central committee's international information department, identified three groups in the Administration during a recent television interview. The first, led by Mr Weinberger, was against a summit being held. The second, in which he included Mr Robert McFarlane, the National Security Adviser, and Mr Donald Regan, the White House chief of staff, wanted a summit but linked it to the foreign and domestic behaviour of the Soviet Union. A third group, with strong support in Congress, wanted a summit but thought it should deal with long-term perspectives and not the central issues between the superpowers.

Communist conference call renewed by Bulgaria

By Leslie Colitt in Berlin

A SENIOR member of the Bulgarian leadership has renewed a call for the holding of an international conference of Communist parties which has already been rejected by several parties outside the Warsaw pact.

They fear the Soviet Union would use such a meeting to try to reassert its control over the world Communist movement.

The proposal was made in the leading international Communist journal, *Problems of Peace and Socialism*, published in Prague.

Mr Dimiter Stanishev, a central committee secretary of the Bulgarian party, said a world Communist conference would "strengthen the uniformity" of parties.

The "collective discussions" of problems by the Communist movement was a "natural and legitimate requirement," he added. The last such world conference was held in Moscow in 1969.

Several calls for the convening of an international conference were made last year by the Argentine, East German, Austrian and Bulgarian Communist parties, which are all regarded as pro-Soviet.

Trial balloons

The Soviet Communist Party, however, failed to respond, which indicated the proposals were trial balloons. Moscow apparently did not wish to be seen to be pressing for such a meeting in the face of determined resistance by Western and other Communist parties.

A proposal for an international meeting made earlier this year by Bulgaria met with a flat "No" from Yugoslavia.

A Radio Belgrade commentary said the aim of such proposals had always been to create a "political ideological atmosphere to be used in confrontation with the other, that is, the opposite, ideological grouping."

It noted the Yugoslav Communists were "not in favour" of any kind of institutionalism of international Communist meetings.

The East Berlin conference of European Communist parties in 1976, the commentary said, had opened up paths of cooperation which were "far from fully explored."

The Communist parties of Italy, France, the Netherlands, Sweden, China and Japan have all opposed any world conference. Mr Nicolae Ceausescu, Romania's president, said he would take part, but only if there was a free exchange of views and if no binding decisions were adopted.

Malta, Italy in neutrality talks

AN ITALIAN Government delegation will visit Malta later this month for final talks on a new neutrality pact and an agreement on economic, technical and financial assistance, Mr Carmelo Mifsud Bonnici, Malta's Prime Minister, said yesterday, AP reports from Valetta.

Mr Mifsud Bonnici was speaking after he returned from brief visits to Italy and France.

Malta wants to negotiate the renewal of the neutrality pact with Italy.

It contends that the 1980 agreement expired in 1983 when Italy failed to honour part of its aid obligations under a financial protocol.

EEC plans to curb dairy output could cost £500m

BY IVO DAWNAY IN BRUSSELS

CONFIDENTIAL TALKS on a scheme to persuade EEC dairy farmers to give up milk production are centring on a three-year programme costing about Ecu 840m (£504m).

The package, which has yet to be put to member states, is now under final discussion by officials before presentation to the 14-member European Commission.

Its contents represent the first significant step since last year's imposition of "superlevy" quotas to tackle the milk surplus—still running at 14 per cent above demand. Dairy production of just under 100m tonnes a year remains the heaviest expense on the farm budget, accounting for more than a quarter of the Ecu 20bn available for agricultural spending in the Community.

The terms of the package have launched a fierce internal debate among senior farm officials in Brussels.

Plans now to the fore would involve a 3m tonne reduction in the surplus over three years. Farmers agreeing to give up production would be paid for a full year's output without having to produce a drop of milk.

Their compensatory payments would be made in tranches of one third a year for three years. However, the programme would not be compulsory.

Instead, member states would be set targets for reduced output and would be expected by the Commission to encourage farmers to take up the option and move to other sectors of agricultural production.

It is this voluntary nature of the proposal that may draw most criticism. Initial reactions to the plan from farm policy observers were that the incentives do not appear sufficient

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Rothschild Bank loses appeal

BY JOHN WICKS IN ZURICH

ROTHSCHILD BANK of Zurich last year granted a "fictional" loan to the Zug-based international commodity dealers Marc Rich, according to a judgment by the Swiss Federal Court.

The court upheld a ruling by the Swiss Banking Commission that the transaction contravened the country's banking law and that it should be law and that it should be removed from the Rothschild balance sheet.

Rothschild Bank, which is jointly owned by the French and British Rothschild families, thus loses its appeal against the Commission's decision.

In May, 1984, the bank had granted Marc Rich a loan of $21.2m or SwFr 49.9m. As collateral, Marc Rich supplied a first mortgage on the tanker "Billy Jeanne A" and pledged a certificate of deposit.

The Federal Court rules that the loan, which remained on a Rich account with the bank, was made solely to protect the tanker from confiscation by the U.S. authorities in connection with a former tax demand of SwFr 48m and punitive damages of $50,000 per day. The dispute between the U.S. Government and Marc Rich has since been settled.

The arrangement of bottomry through the Rothschild transaction would, it is contended, have given the bank prior rights to the tanker.

Community set to top food aid target

BY OUR BRUSSELS STAFF

THE EEC will surpass its target for emergency food aid deliveries to the famine hit regions of Africa by the end of next month, the European Commission claimed yesterday.

A package of measures, agreed at the Dublin heads of government summit last December, aimed at shipping an additional 1.2m tonnes of food aid during 1985. According to Brussels, more than 87 per cent of this had been delivered by the beginning of this month and the remaining 13 per cent will be in African ports by the end of November.

Total deliveries are expected to reach 1.25m tonnes of cereals or cereals equivalent, or 50,000 tonnes above target, and additional supplies of high energy foods, sugar, milk, vegetables, oils and seed grains have also been shipped.

Furthermore, the Commission has provided Ecu 35m (£21m) to support Red Cross and United Nations efforts to cope

Ford to halt imports of Brazilian-made Escort

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

FORD is to stop importing Escort cars from Brazil to Europe at the end of this year.

The Brazilian-built cars were introduced to Scandinavian markets at the beginning of 1984 and by the end of this year about 40,000 will have been sold.

When the Brazilian vehicles were launched in Norway, Sweden and Finland, Ford said it was essential to have cheap Escort models to compete with the Japanese in Scandinavia, where the Japanese do not face the 11 per cent tariff imposed by the European Community.

The Brazilian cars were put on sale alongside their European-built counterparts at retail prices 6 to 7 per cent cheaper. Visually, there is little difference between the two versions, but the Brazilian cars have 1.3-litre and 1.5-litre engines designed and produced in that country.

Early next year, Ford is to make big changes to the appearance of the European Escort but not to the Brazilian version.

It has decided in view of that to stop the imports after a final shipment of 1,000 cars in December.

East-West culture talks row

BY OUR BERLIN CORRESPONDENT

AN OFFICIAL conference on cultural exchange between Eastern and Western Europe which opened in Budapest on Monday has run into a political storm. The Budapest Cultural Forum is taking place under the auspices of the 35 signatory countries to the 1975 Helsinki Agreement.

The Hungarian authorities refused to allow a human rights group based in Vienna and its Helsinki monitoring committee in Budapest to hold a "parallel forum" to the official cultural gathering.

The group had managed to reserve a meeting room in a large Budapest hotel but was informed that the reservation would have to be cancelled.

A Hungarian government spokesman said yesterday that a group of "foreigners" had wanted to hold a parallel meeting but that this was not in "harmony" with the ideals of the cultural forum and would have "harmed its work."

The chief U.S. representative at the Budapest meeting, Mr Walter Stoessel, protested about the ban to the Hungarian Foreign Ministry and said it violated a major objective of the cultural forum: the exchange of ideas between East and West.

The human rights group said yesterday it would meet in the evening in a private flat belonging to Hungarian dissidents.

The head of the West German delegation to the East-West cultural forum, Herr Karl-Günther von Hase, told the gathering that progress could only be made in "an atmosphere of freedom." He said restrictions had been imposed on writers and artists in a number of signatory states to the Helsinki accord, in violation of that agreement.

The West German delegate appealed to the Hungarian Government to permit the alternative meeting to take place and was supported by the delegations of the other EEC countries in Budapest.

OVERSEAS NEWS

Riots in Cape spread as police seal off townships

BY ANTONY ROBINSON IN JOHANNESBURG

POLICE cordoned off several coloured areas of Cape Town yesterday as violence spread into white shopping districts following the death of three teenage coloured youths on Tuesday.

They were killed when armed railway *police hidden behind* wooden crates on the back of a moving truck fired on youths stoning vehicles in the coloured *township of Athlone.*

Family members identified two of the victims as 11-year-old Michael Miranda, described as an onlooker, and Shuan Magmoet, 16, who was killed inside his house when a shot came through the window. Some residents said a fourth youth was also killed and as many as 10 wounded, including residents in nearby houses.

A mob of around 100 schoolchildren stoned shops in the nearby Kenilworth shopping centre, *patronised mainly by* white and coloured shoppers, but were chased away by police.

A similar incident was reported from the coloured township of Mitchells Plain, on the Cape Flats about 20 kms from the city centre, when a larger crowd of about 500 youths stoned shops in the business centre.

Troops in the townships . . . Pretoria escalates deployment

At lunchtime police armed with shotguns and protected by riot shields dispersed another crowd of around 150 people who were marching on the Caledon Road police station in central Cape Town to protest against army and police behaviour.

Earlier police reported that a *19-year-old marine* died and two more were seriously injured when their armoured car, on patrol with two others in Mitchells Plain, overturned. Police said the lead vehicle swerved to avoid running over a dog.

This is the first time that marines have been reported to be involved in unrest duties *and tends to confirm reports* that substantial reinforcements have been poured into the Western Cape after six weeks of *violent protests* and school boycotts.

According to police 77 people were arrested on Tuesday and dozens more were arrested yesterday, including a 16-year-old youth caught carrying a petrol bomb in the vicinity of the Kenilworth shopping centre. Reporters were ordered out of the affected areas by Police as crowds several hundred strong gathered near the scene of Tuesday's shooting incident in Athlone.

Apart from stones and petrol bombs police reported that shots had been fired at police vehicles in Athlone but without causing any casualties.

Economy 'should show growth'

BY OUR JOHANNESBURG CORRESPONDENT

THE DEPRESSED South African economy should recover to register a 3 per cent growth in total domestic output next year, with lower imports and higher exports ensuring a further increase in the current account surplus to around R8bn, according to a survey of 1986 economic prospects by the University of Stellenbosch Bureau for Economic Research.

But *the political and other* factors which led to the standstill in foreign debt repayment and the re-introduction of the *financial rand will "continue to* cast a long shadow" over economic prospects.

Although the reform process *is expected to develop further,* it is unlikely to satisfy black aspirations, while the mild upswing in consumer spending and inventory investment will not be sufficient to stem the rise in unemployment, the report warns.

Re-establishing South Africa's good name in international financial markets will have to be a top priority and this will require ability to prevent inflation getting out of hand and redemption of a significant portion of short-term foreign debt.

The report rejects import controls as a means of stimulating economic growth without damaging the balance of payments, but recommends rapid progress along the path of re-regulation and privatisation on which the Government has already embarked.

The report notes that seasonally-adjusted import volumes fell 27 per cent in the first half of 1985 while export volumes rose 17 per cent.

A further 6 per cent drop in imports and a slight contraction in export volumes over the rest of the year are expected to lead to a R6bn current-account surplus rising to R8bn in 1986.

The resumption of *short-term* debt repayment following the assumed successful rescheduling negotiations, but to start on October 23, will, however, *lead* to an estimated outflow of short-term capital of around R6.5bn next year, the report adds.

Monetary policy is expected to ease further next year but the Government's cautious reflationary policies and the delayed impact of rand depreciation will keep inflation high, with average consumer price increases of around 14 per cent.

The latest edition of the Standard Bank Review is also mildly bullish on economic prospects, citing higher exports.

It warned, however, that the base for a resumption of growth is still weaker than desirable because "little headway has been made in reducing inflation and because political and social factors have negatively impacted foreign confidence."

Sudanese officials begin IMF loan talks

By our Khartoum Correspondent

SUDANESE officials have begun talks with the International Monetary Fund (IMF) intended to pave the way towards rescheduling the country's $9bn (£6.4bn) external debt and a loan from the Fund itself.

The officials will be discussing proposals to clear arrears in the country's repayment to the Fund, put at $167m, as well as negotiating policy changes *which would* be a precondition to an IMF stand-by loan.

The outcome of the talks will be *closely watched* by Arab donors, Sudan's largest multilateral source of aid, who are due to meet in *Riyadh later this month.*

Arab donors are understood to be reluctant to make further commitments to Sudan until an agreement with the Fund has been reached. The U.S., Sudan's largest bilateral donor, has taken a similar stance.

In New York yesterday, Mr Gizouli Dafallah, the prime minister, warned that Sudan, hit by famine and years of economic decline, was finding its $9bn external debt overwhelming: "It is not a matter of not being willing to pay, it is simply a matter of not being able to pay."

Meanwhile, indications are growing that *President Hosni* Mubarak of Egypt is prepared to act as an intermediary between the Sudanese Government and rebels of the Sudan Peoples Liberation Army (SPLA), active in the south.

Egypt's concern stems in part from the fact that fighting in the south has forced suspension of work on the Jonglei Canal, designed to drain the swamp land of the southern Nile and increase the volume of water at Egypt's disposal by 20 per cent.

Egyptian officials in *Khartoum have confirmed that* President Mubarak has held talks with Mr Dhol Achuel, a senior SPLA official.

The meeting follows earlier diplomatic contacts, including separate visits to Cairo this month by Gen Osman *Abdullah,* the Sudanese defence minister, Mr Peter Gatquout, a leading southern Sudan politician, and the prime minister himself.

Gandhi aims for Sri Lanka deal

BY JOHN ELLIOTT IN NEW DELHI

FOUR MONTHS after a ceasefire was introduced in Sri Lanka on June 18 between Tamil extremists and security forces, Mr Rajiv Gandhi India's Prime Minister, is to make a fresh attempt tomorrow to persuade Mr Junius Jayewardene, the island's president, to negotiate a permanent peace treaty.

Observers estimate that more than 2,500 people have been killed since the island's fragile peace between the minority Tamil group and the majority Sinhalese people exploded in July 1983, *sparking* escalating violence.

Now international pressure is mounting on President Jayewardene to conclude a peaceful settlement of the Tamil devolutionary claims. He is also *facing* problems at home as the island's potential prosperity begins to falter.

His talks with Mr Gandhi, at *the Commonwealth Heads of* Government meeting in Nassau, follow the reimposition of the ceasefire last Friday after talks initiated by the *Indian leader.* Mr Gandhi wants the problems resolved because they cause political unrest in India's southern state of Tamil Nadu, bringing an element of instability.

He first met Mr Jayewardene in New Delhi in June, since when Mr Romesh Bhandari, India's senior diplomat and Foreign Secretary, has been conducting Kissinger - style shuttle diplomacy.

Two rounds of peace talks *between the Sri Lankan Govern*ment and the Tamil's representatives, including extremist groups as well as mainstream politicians, began in July in the secluded Bhutanese Himalayan capital of Thimpu. The talks broke down in August, having made little progress, amid renewed violence on the island.

Since then Mr Bhandari has been conducting what India calls "*proximity* talks" in which diplomats in India and Sri Lanka hold negotiations with both sides, avoiding any direct confrontation. This led to last Friday's agreement to a new ceasefire and the formation of a monitoring committee to report on breaches. Hundreds died in breaches of an earlier ceasefire which expired on September 18. In the past few days the Tamil negotiators have been objecting to the Sri Lankan Government trying to enlarge the size of the monitoring committee from five to 11 people, so swamping the Tamil's two representatives.

But there is no mood to break up the process, despite mutual distrust and suspicions. The extremist groups know that they are allowed to operate in India's southern Tamil Nadu capital of Madras because of the tolerance of the Indian Government.

They realise that this tolerance could evaporate if they are too intransigent. So, while they believe there is little chance of reaching an agreement with Mr Jayewardene, they do not want to be blamed for any breakdown.

Mr Gandhi broke new ground by personally meeting the extremists' leaders last month and now appears to have won their cautious trust as well as that of Mr Jayewardene. His job tomorrow is to try to persuade the Sri Lankan leader to offer a new negotiating initiative that could move the talks forward on substantive issues.

A working paper drawn up in New Delhi at the end of August proposed a devolved form of *provincial* government. The extremist groups are continuing to reject this paper, however, claiming that it proposes an *inadequate administrative* solution for problems which need a more basic approach. They want it to take into account four basic principles which they describe as their homeland areas, their national identity, their right to determine their own future and the provision of voting rights for all Tamils.

The Sri Lankan Government says it *is* not *prepared* to entertain the principles, nor is it at present prepared to meet the Tamils' other demand that their strongholds in the north and east of the island should be combined *in* one province under any new administrative setup. But it is possible that both sides might one day slightly soften their line on the issue of the north and east being merged.

Mr Gandhi will explore this tomorrow, as well as the possi*bility of the two sides holding* direct talks again during the next few months.

In the meantime the extre*mists and some diplomats fear* that the Sri Lankan Government is gearing up for a military solution. It has been *arming civilians* and last Friday passed new legislation to set up a national armed reserve force with powers of compul*sory* recruitment.

Mr Gandhi has spoken sharply about the need for a political *solution* to such issues, "because a military solution can be only temporary."

Sikh extremists resumed attacks in Punjab yesterday, killing a local leader of Prime Minister Rajiv Gandhi's party as authorities vowed to show no mercy to separatists, Reuter reports from Chandigarh, India.

In the first major attack since the moderate Sikh Akali Dal party was elected to form a Punjab administra*tion two weeks ago, two* extremists on a scooter gunned down Mr Ram Lubbaya, 55.

The Press Trust of India (PTI) said Mr Lubbaya, a leader of Gandhi's Congress (I) party, was shot as he entered his shop in Taran Taran, about 25 km from the Sikh *holy city of Amritsar.*

Customers stoned the extremists, forcing them to abandon their scooter—a form of transport favoured by Punjab's gunmen — and escape on foot.

In Chandigarh, capital of the northern state, the new Akali Dal government issued its first policy statement since the September 25 election and said it would show no quarter to extremists.

"Punjab shall ever remain an *integral part of India,*" said the statement, read out to the state assembly by Punjab governor Arjun Singh.

Coup threat by Liberia army colonel dismissed

BY PETER BLACKBURN IN MONROVIA

THE LIBERIAN Government yesterday disassociated itself from a statement by an army colonel threatening to stage a coup should the country's military leader President Samuel Doe and his National Democratic Party of Liberia (NDPL) lose Tuesday's presidential and legislative elections.

The coup threat was made by Colonel Harrison Pennue on polling day amid reports of heavy voting in favour of Mr Jackson Doe (no relation) and the *Liberia Action Party* (LAP) —one of four contesting parties.

There was a massive but orderly turnout in the country's first one-man-one-vote elections which are intended to pave the way for a return to civilian rule in January 1986.

Colonel Pennue, one of a group of 17 non-commissioned officers who seized power in 1980, said: "I know I will carry Samuel K. Doe to be President." He warned that if another candidate won "I will overthrow you."

However, Colonel Pennue, who claims to have personally killed President Tolbert in the 1980 coup, is regarded by both *Liberian officials* and Western observers as one of the "wilder" elements in the Liberian army and "unrepresentative" of military thinking.

Israelis face 15% levy on money placed abroad

BY WALTER ELLIS IN TEL AVIV

ISRAELIS who place money abroad face a 15 per cent levy on their investments. The Israeli Finance Ministry, concerned about the increasing tendency of Israelis to put their cash into funds overseas, has proposed a punitive tax on such transactions, to apply from November 1 until at least March, 1987.

Industry in Israel is in many instances acutely short of investment capital, but with the rate of inflation this year still expected to exceed 180 per cent, private investors are still sorely tempted by the rates of return, in hard currencies, offered abroad.

Inflation in September fell to a monthly rate of just 3 per cent, the lowest for several years. Government wage and price controls are responsible for the relative stability.

The Treasury is also proposing to raise the level of overseas travel tax from $100 (£70) per citizen to $200 from mid-November. The move will be met with widespread chagrin, since the tax drops today from $300 to $100.

At the end of last month, the *Government* agreed *to extend* its emergency austerity programme, originally intended to last just three months, until next spring.

AMERICAN NEWS

Senate report calls for major Pentagon reform

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

A WEIGHTY Congressional report yesterday recommended a major overhaul of the U.S. military establishment to correct serious faults that could undermine the country's ability to fight and win a war.

Publication of the report by the staff of the Senate Armed Services Committee marked the start of the first comprehensive effort in more than 30 years to reform the Pentagon's money, spending habits, its relations with Congress and the way it prepares for battle.

The report is intended to lay the *foundation* for lengthy Congressional hearings for the rest of this year and possible legislation in 1986.

*Opening the hearings yester*day, Republican Senator Barry Goldwater, the committee's chairman, said Congress must now start work to remedy "the serious organisation deficiencies" in the military system. "If we have to fight tomorrow, *these problems will cause* Americans to die unnecessarily. Even worse, they may cause us to lose the fight," he said.

Mr Goldwater and Democratic Senator Sam Nunn of Georgia, both staunch supporters of a strong military, are the twin driving forces in the Senate behind the reform effort. The movement has also been gathering increasing support in hte House of Representatives and from defence experts both inside and outside government. The Pentagon, however, has already signalled its strong resistance.

Yesterday's 645-page report, two years in the making, put forward a total of 91 reform proposals, including major changes in the command structure and the abolition of the Joint Chiefs of Staff committee as a presidential advisory body. The JCS should be replaced by a new Joint Military Council designed to take a broader, less parochial role in military decision-making, *it says.*

The report attributes many of the Pentagon's weaknesses to destructive inter-service rivalries, which prevent the armed forces staging the effective joint operations required in modern warfare. Civilian control of the military has also been weakened by the dominance of the individual services and the reduced influence of the Secretary of Defence, it argues.

Such problems, the report says, are not unique to the Reagan Administration, but have plagued the U.S. in every conflict since the Spanish-American war of 1898. They were as much in *evidence* in President Jimmy Carter's aborted 1980 mission to rescue the Iranian hostages as in Mr Reagan's 1983 invasion of Grenada.

In Grenada, the report says, an army officer had to use his *personal commercial telephone* credit card to call his headquarters in the U.S. from a public telephone to co*ordinate naval fire support.* The Navy and Army radios on the ground could not communicate with each other.

Joint operations are *too often* no more than loose confederations of single service forces with different priorities, operat*ing methods and strategies* patched together at the last moment, the report says.

Congress no longer focusses on fundamental issues of strategy and national priority but has "trivialised its responsibilities through micro-management" of the Pentagon, it says. It examines a large number of options — including radical changes in the budget process—for shifting congress' attention from the minutiae of military procurement to the missions and broader objectives of the armed forces and their weapons programmes.

While the reformers are hoping that the momentum building behind their efforts will lead to genuine changes for the first time since the Defence Reorganisation Act of 1958, Washington's cynics are *pointing out that many* similar brave attempts in past years have come to nothing. Mr Caspar Weinberger, the Defence Secretary, has already said he is "generally satisfied" with the present system.

Nato group endorses research on Star Wars

The Reagan Administration won overwhelming support for *its Star Wars research* programme from Nato parliamentarians, so long as the search for a viable nuclear defence *shield did not violate the 1972* Anti-Ballistic Missile Treaty, Reuter reports from San Francisco.

The North Atlantic Assembly, a purely advisory body, ended its 31st annual meeting on Tuesday by approving a *resolution* that endorsed the initial, scientific phase of the Strategic Defence Initiative (SDI).

However, *the vote of* approval by 91 votes to 12, with 28 abstentions, came only after Mr George Shultz, *the U.S. Secretary of State,* and other U.S. officials assured the allies that the research would not go beyond *the limits set down in the* U.S.-Soviet arms accord signed 13 years ago.

Senator Charles Mathias, *the newly elected president of the* assembly who co-sponsored the resolution with Mr John Cartwright of the UK, a Social Democrat MP, said the result sent strong message to both Washington and Moscow.

Mr Cartwright said support for SDI research did not mean approving plans to develop or deploy.

Star Wars *dominated four* days of meetings, at which SDI critics voiced fears that Europe would be more *susceptible to a Soviet con*ventional attack once a nuclear shield was put up to protect North America.

Mr Shultz and Paul Nitze, President Reagan's special assistant on arms control, said in separate speeches on Monday and Tuesday that SDI would be designed to stop all incoming ballistic missiles, *not just those aimed* at the U.S.

The two men said that while the Administration may have a new interpretation of terms of the ABM treaty, Star Wars research would not violate the strictest limits of the accord.

Mr Mathias said these clarifications were essential to passage of the resolution, which will be delivered to the Nato Council and all 16 governments of the alliance.

Nicaragua declares state of emergency

BY TIM COONE IN MANAGUA

THE NICARAGUAN Government has reintroduced for a period of one year a state of emergency throughout the country which will place tight restrictions on the activities of the political opposition within the country.

President Daniel Ortega said the surprise measures were necessary because the U.S. Government was preparing "new and more dangerous acts of aggression against the people and government of Nicaragua," although he was not specific.

He said that "agents of imperialism" inside the country, acting through opposition parties, publications and religious organisations, were "trying to sabotage the defence of the country."

U.S. economic and military pressures against Nicaragua produced "a severe deterioration in levels of production and standard of living of our people" and created "a truly extraordinary situation," he said.

The Government radio station, the "Voz de Nicaragua," reported from Washington on Wednesday morning that the CIA and U.S. Government officials have made delarations to a closed session of the Appropriations Committee of the U.S. Congress, that a military offensive is to be launched by the U.S.-backed guerrillas close to the Nicaraguan capital Managua, "in the coming days."

The state of emergency, announced late on Tuesday, gives the Government and its security services sweeping powers of arbitrary arrest, detention and investigation. The right to Habeas Corpus has been removed as has the right of appeal.

Telecommunications and mail can now be subject to interception, and homes and offices can be subjected to spot searches without prior authorisation of the civil powers.

Rights to free assemby, freedom of expression and the right to strike have all been suspended, and a new wave of heavy Press censorship is anticipated.

The timing of the new government measures is particularly surprising following the announcement on Monday that the U.S.-backed guerrillas in the country had been "strategically defeated" and that the armed forces now held the military initiative entirely. The Government said isolated sabotage and terrorist attacks could be expected to continue, but implied that militarily the guerrillas did not pose a serious threat to the Government.

The state of emergency might also disrupt the delicate negotiations that have been under way for the past six months to implement an autonomy plan for the Atlantic Coast of the country.

A cease-fire between Government forces and indigenous Indian guerrilla groups has been in effect since May but that could now be threatened by the application of the emergency measures. It was the use of such measures that alienated many of the Atlantic Coast communities from the Sandinista government following the 1979 revolution.

A state of emergency was in existence from 1982 to August 1984, when the electoral campaigns for the presidency and the National Assembly began and the political space for the opposition was opened dramatically.

Since then, there has been an unprecedented public debate over vital political issues such as the economy, cases of government corruption and inefficiency, prices and salaries and the relationships between the state, the ruling Sandinista party and the "mass organisations" such as the trade unions and women and student organisations.

AP adds from Paris: France *"deplores all measures of restric*tions of freedom which go against democratic principles," the French Foreign Ministry said *in response to the Nicara*guan suspension of some civil liberties. A Ministry official said France reaffirmed its sup*port for the Contradora process* aimed at restoring peace in Central America.

U.S. industrial production falls 0.1%

BY STEWART FLEMING IN WASHINGTON

INDUSTRIAL production in the U.S. fell 0.1 per cent in September the Federal Reserve Board reported yesterday, citing a sharp drop in the production in the automotive sector as one of the factors behind the decline.

The September data has not altered expectations amongst private economists that the U.S. Government will announce a modest acceleration in the pace of economic growth in the third quarter when it releases preliminary gross national product *statistics* today.

Economists are anticipating that real GNP will be revised upwards to between 3 per cent and 4 per cent for the third quarter, which compares with the 2.8 per cent projected in the Commerce Department's "flash" estimate for the third quarter.

The decline in industrial production last month, which follows a revised 0.6 per cent rise in August, will do nothing to resolve the continuing debate amongst economists about whether the economy is poised for a continued rebound through the rest of the year or whether the third quarter revival will be followed by renewed weakness.

Over 200 held in Chile

BY MARY HELEN SPOONER IN SANTIAGO

MORE THAN 200 people have been arrested in Chile during a "day of solidarity" called by opposition groups *to protest* the continued detention of Sr Rodolfo Seguel, head of the copper mine workers, and nine other labour *and political* activists jailed on charges of violating the country's internal security laws.

Opposition groups had called on all Chileans to walk off their jobs at 2 pm on Tuesday to protest against the detentions, but many offices, shops and normally throughout the day.

Riot police clashed with university students on four campuses, dispersing demon*strators with tear gas*

Police reported that 22 bombs, including at least one car bomb, exploded in Santiago and other Chilean *cities, injur*ing three people.

Move to avert showdown on South Africa

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN N ASSAU

PLANS TO AVERT a showdown between Britain and its Commonwealth partners over sanctions against South Africa were beginning to take shape yesterday as heads of government *from* 41 Commonwealth nations and high level representatives of five others began their two-yearly conference in *Nassau.*

In spite of pessimistic pre-conference forecasts that the gap between Britain, which is strongly opposed to economic sanctions, and most of the other member states who are passionately in *favour,* would be difficult to bridge, the atmosphere was slightly more optimistic yesterday.

Mrs Margaret Thatcher, the British Prime Minister, has written to the leaders of Africa's frontline states outlining her opposition to economic sanctions against South Africa. British officials said Mrs Thatcher had written to leaders of Zambia, Zimbabwe, Tanzania, Botswana, Lesotho and Swaziland over the past few days. They declined to give details of the contents of the letter.

African diplomats said Mrs Thatcher had also requested a one-to-one meeting yesterday with President Kenneth Kaunda of Zambia, the new chairman of the frontline states.

Mr Bob Hawke, the Australian Prime Minister, was reported to be drawing up a plan under which the Commonwealth countries would take an active part in promoting a dialogue between the Pretoria government and leaders of the black community in South Africa, including members of the banned African National Congress (ANC).

The setting up of such a Commonwealth Committee or group is not, apparently, intended to be a substitute for sanctions, but additional to a number of measures which most of the delegates now realise would be *much less* radical than the "comprehensive" economic embargo desired by some.

Sir Sonny Ramphal, the Commonwealth Secretary-General, gave an indication of the likely outcome of the South African debate, in his address to the Commonwealth Press Union, which is meeting on the sidelines of the main conference, two days ago.

Commonwealth leaders had suggested various measures which countries could take together, but which would fall far short of an all-out economic boycott, Sir Sonny said. They were the kind of measures which Western countries had already taken, like a ban on the import of Krugerrands and on new bank loans and investments, an end to commercial flights to and from South Africa and a suspen*sion of imports of South African* agricultural produce.

"I am sure that, at the end of the day, there will be a substantial area of agreement," Sir Sonny said at a pre-conference press briefing. "The traditional chemistry is already at work, and our chances of reaching a consensus are better than even."

The conference, which has attracted a record attendance of both heads of government and member countries, was opened by Sir Lynden Pindling, the Prime Minister of the host country, the Bahamas.

Mrs Thatcher, and Mr Gandhi are due *to open the political* debate *today,* during which South Africa is due to be discussed.

WORLD TRADE NEWS

India set to buy helicopters from UK and France

BY JOHN ELLIOTT IN NEW DELHI

INDIA'S new Helicopter Corporation is expected to buy approaching 50 helicopters worth between £125m and £145m from the UK and France after two years of tough competition between the two countries for an order which was originally to be placed for the country's oil and natural gas corporation.

The Helicopter Corporation, which was officially registered last Saturday, may need as many as 100 aircraft over the next three years and the Indian Government has decided to make maximum use of large offers of aid made by the two countries.

The basic cost of £65m for 21 Westland W30 helicopters from the UK is entirely covered by grants from the British aid budget, making the helicopters a gift. A further six helicopters were originally being negotiated for VIP use, without any grant aid, and may now become part of the Helicopter Corporation's order along with extra spares.

France is believed to have originally offered six of its smaller Dauphin helicopters, made by Aerospatiale, free and to have recently raised this to eight. It said it would fund the cost of half the rest of the order with 2½ per cent loans over 30 years with a 10 year grace period. The rest of the cost was to be funded through export credits. However, it is believed that the final French offer has yet to be made.

Mr Rajiv Gandhi, Indian Prime Minister, who opposed the Westland bid in favour of the Dauphin earlier in the year, told Indian journalists in London on Tuesday that Westland was being considered and that an order would be placed for the Dauphin.

He is believed to have been persuaded of the technical capabilities of the Westland in the past few months.

The Helicopter Corporation will soon be given a board of directors and top management, who will formally decide on the orders in consultation with the Ministry of Aviation.

It appears that Westland has almost completed its submission of financial and technical proposals and that, barring any last minute upset, an order might be confirmed within a month or so.

Westland last year built five helicopters to Indian specifications in anticipation of the order. This helped it to iron out most technical snags.

Aerospatiale is less advanced and will probably not submit its final technical proposals for the Dauphin until December. Before then there may be further financial negotiations on aid.

There is no sign yet of an order being considered for the 412SP Helicopter from Bell, of the U.S. The Bell aircraft is believed to have been highly rated by the India nauthorities and was demonstrated in New Delhi last month.

THE Reagan Administration has rejected India's bid to buy an advanced computer for weather research but has approved the sale of about $800m worth of other high technology, including a radar system and six minicomputers, according to U.S. Press reports, writes Nancy Dunne in Washington.

The deals follow the signing of a trade accord between the U.S. and India last May. Although India is said to have promised that the sophisticated equipment would not be made available to eastern bloc countries, the U.S. turned down the request for the computer because it could also be used for nuclear research.

The Defence Department is reportedly concerned that India permits no international inspection of its nuclear facilities, although it has promised not to develop a nuclear military capacity.

British drive to penetrate Latin American market

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BRITISH exporters are being brought to Latin American waters and some of them are beginning to drink. Next week in London Mr Paul Channon, Minister for Trade, will launch the second of his department's "selective marketing" exercises which aims to put British manufacturers in touch with Latin American importers who are already buying from other countries the sort of products which could be supplied by Britain.

The first such exercise, run on an experimental basis last year, contributed to this year's more encouraging figures for British exports to Latin America. In the first six months of this year British companies exported £512m worth of goods to the region, 16 per cent up on the first half of last year.

Export totals for the whole of 1984 were in their turn up by more than a third on those of 1983. But before British exporters are carried away by optimism it must be remembered that exports to Latin America are only slightly better than those to Japan and a little lower than exports to Norway. Imports from South America in the first six months of this year were worth £877m.

The selective marketing scheme is aimed at trying to bring to Latin America the success that British exporters have proved themselves capable of pulling off in other markets. The Department of Trade has identified six particularly promising sectors where British exporters could do well—chemicals, machinery for special industries, non-electrical machinery, electrical power and switchgear, other electrical machinery and scientific instruments.

If British exporters were to do as yell in those sectors in Latin America as they do in other markets, exports to the region could double to around £2bn a year, the department calculates. British trade promotion offices in Latin America have already helped to identify Latin American buyers of chemicals and put them in touch with appropriate British manufacturers.

The results have been good. In the first half of the year British exports of chemicals to the six main Latin American markets rose by more than 75 per cent to £36m. The scheme next week is to be extended to scientific instruments.

The DTI's efforts are backed up by two non-governmental bodies, both based in Belgrave Square, London. Canning House is the home of the Hispanic and Luso-Brazilian Councils which bring together 240 of the larger British companies and institutions ranging from the Bank of England to British American Tobacco.

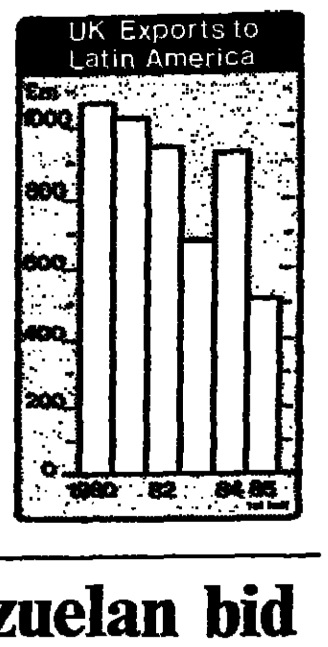
Throughout the year the director of Canning House, Mr John Heath, a former British ambassador to Chile and commercial counsellor in Bonn, organises a round of conferences, seminars and meetings for members.

Smaller companies and those without the expertise of more established members of Canning House are not forgotten. The Latin American Trade Advisory Group (Latag), linked to the British Overseas Trade Board, maintains a constant missionary effort persuading British companies who do not normally look for sales in the region to consider Latin America as a market.

Mr Michael Valdés-Scott, an Anglo-Chilean with 14 years experience in exporting British agricultural machinery, runs Latag. He tours the country impressing on businessmen that despite its difficulties, there are still opportunities for British exporters in the region. He reports that as the oil boom fades in the Middle East an increasing number of companies are considering the Latin American market.

Latag is able to put smaller companies unable to mount their own sales campaign in touch with specialist exporters

"I still get businessmen saying that the Latin Americans are bad payers, that there is graft and that many buyers are unreliable. Latin America has a poor image in the media," Mr Valdés-Scott says. "But I ask those who complain: 'Is it any worse than some of Britain's main markets in Africa?'"



IBM accuses Fujitsu on software copyright deal

BY CARLA RAPOPORT IN TOKYO

FUJITSU OF Japan said yesterday it has been accused by IBM, the U.S. company, of breaching a computer software copyright agreement.

The company said IBM had submitted its claim to the American Arbitration Association, which investigates civil disputes between American and foreign companies.

The agreement between IBM and Fujitsu was signed in 1983 following a dispute between IBM and Hitachi over alleged industrial espionage.

IBM said yesterday that it had signed such agreements with Hitachi and Fujitsu but at Fujitsu's request, it had agreed not to discuss in public the terms and conditions.

As to its actions against Fujitsu, IBM stated only: "Questions have arisen in the connection with the agreement and IBM is attempting to resolve them with Fujitsu."

Fujitsu said it is contesting IBM's claims of a breach of the agreement. "There is some differences on the interpretation of the agrement," it said.

IBM is believed to have protested over Fujitsu's use of IBM's most advanced software operating system for the last two years.

Canadians plan Rhode Island power plant

TRANSCANADA Pipelines, of Canada, said it and a consortium of U.S. companies plan to build a $300m power plant in Rhode Island that would be fuelled by natural gas from Alberta, AP-DJ reports from Toronto.

The plant, called the Ocean State Project, marks a new tactic for the Canadian natural gas industry in its increasingly aggressive efforts to boost exports to the U.S. Canadians are active in gas production and transportation across the border, but have not yet built power plants in the U.S.

Ericsson in low Venezuelan bid

BY JOE MANN IN CARACAS

L. M. ERICSSON of Sweden offered the lowest bid of seven international companies competing for the largest telephone contract in Venezuela's history, a government source said yesterday.

Ericsson bid an equivalent of $161.7m on a contract to provide the Venezuelan state telephone company, CANTV, with electronic switching equipment that would give it 1m new telephone lines.

The highest bidder, the source said, was Japan's Fujitsu, with an offer of Bolivars 4,400m ($586.6m).

The other five bidders, from low to high, were NEC, CIT-Alcatel, Siemens, ITT and Northern Telecom. GTE and ATCI-Philips were invited to present offers but they declined to do so.

Bids were presented to CANTV officials earlier this month, but no specific information on the tenders was made public.

A CANTV executive said his company would evaluate the offers. The fact that Ericsson made the lowest bid does not automatically mean that it will win.

CANTV's specifications call for supply and installation of equipment including 868,000 local lines, 84,000 inter-city lines and 48,000 tandem lines.

Part of the switching equipment involved will be purchased outright, while the remainder will be assembled and manufactured in Venezuela.

In addition, CANTV wants to acquire a wide range of support and maintenance equipment and open a factory to assemble part of the switchboard order. It also asked for a finance package for the contract.

CANTV, whose record in providing communications services and making payments to banks and suppliers, has been notoriously poor in recent years, has shown dramatic improvements on all fronts since a new Government took office here in February of last year.

CoCom liberalises exports to China

BY DAVID MARSH IN PARIS

EXPORTS of high technology equipment from the West to China are to be formally liberalised under a ruling from the 15-nation Paris-based Co-ordinating Committee which vets western exports to East bloc countries.

Liberalisation of the trade procedures, which have been under discussion at CoCom for several months, were announced by U.S. officials travelling with Mr George Bush, the U.S. vice president, during a visit to Peking designed to reinforce trade and political ties.

The easing of restrictions will apply initially to 27 categories of equipment out of the roughly 120 categories monitored by CoCom in its new flexible review system covering East bloc exports which comes formally into effect next month.

The 27 liberalised categories are understood to include areas like telecommunications and computers in which western exporters have been facing particular hold-ups in acquiring export clearance in recent months. U.S. officials said yesterday the liberalisation steps would reduce the CoCom retrial case-load related to China by 50 per cent.

Requests for export licences for Chines sales, above all from U.S. companies, have led to a sharp increase in the workload at the CoCom secretariat in Paris this year. This should now diminish somewhat although a number of more sensitive western export sales to China are still expected to pose authorisation problems.

U.S. officials said the 27 liberalised categories did not include items of military equipment.

None the less, CoCom has been bracing itself to vet an increasing number of Chinese military orders as a result of a growing appetite in Peking to buy sophisticated weaponry from the West.

An initial batch of torpedoes for the Chinese navy, ordered from Italy which won a contract in competition with Marconi of Britain, has recently passed through CoCom.

The U.S. delegation at CoCom is believed to have had some misgivings over the deal, in spite of Washington's declared readiness to start arms sales to Peking.

The U.S. Government has just proposed, subject to approval from Congress, to sell China equipment and technology to build an artillery shell factory.

In another sign of more liberal Chinese procedures, items of equipment needed for the construction of a nuclear power station to be built in Guangdong province by French and British companies have been passed through CoCom.

U.S. objections to a French sale of a sophisticated business communications system to Peking, which caused controversy in Paris during the summer, have also been lifted.

Greek shipyard signs first contract under state control

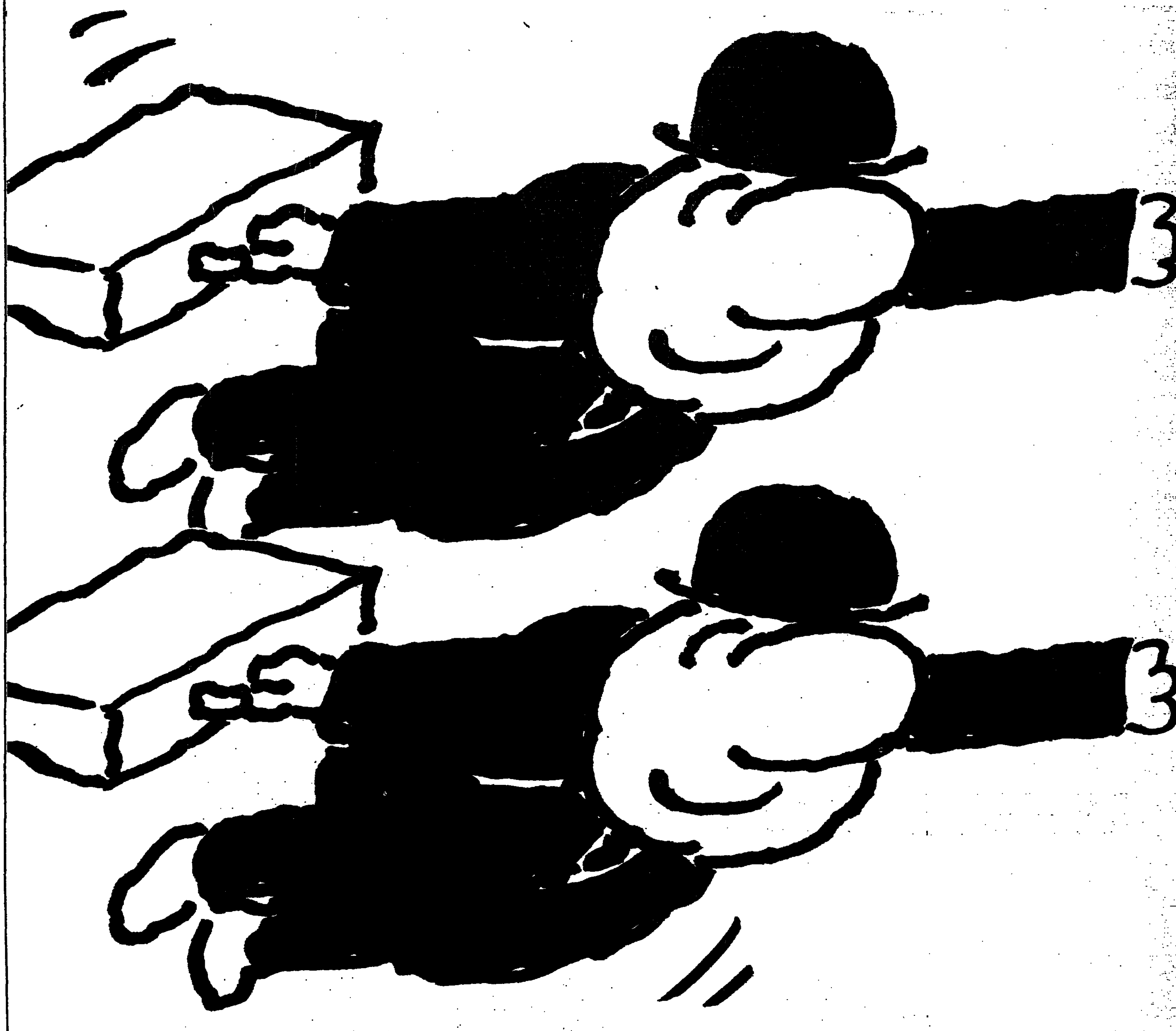
BY ANDRIANA IERODIACONOU IN ATHENS

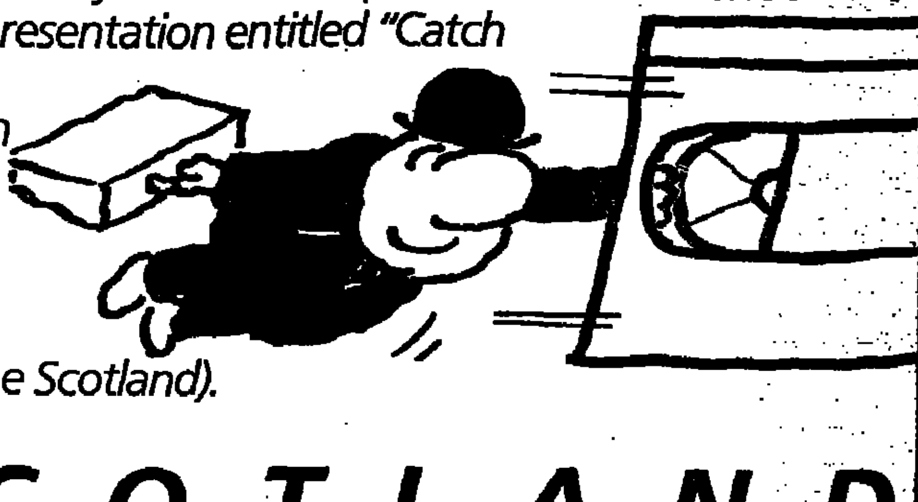
HELLENIC SHIPYARDS, formerly owned by Greek shipping magnate Stavros Niarchos, has signed its first contract under state management. The contract, worth $65.6m, has been signed with the Soviet state company Sudoimport, and involves the construction of four refrigerated cargo vessels.

Hellenic Shipyards, which has been losing money since 1982, was purchased by the Greek Government for $13m in September after protracted negotiations with the Niarchos management, who closed down the yard in early April because of continued losses and chronic labour problems.

Construction of the vessels will begin in August 1986, at which time the yard will receive a down payment of 15 per cent of the total value. Construction is expected to be completed by November 1988.

The 108 metre long vessels will have a refrigeration capacity of 4,800 cubic metres each.





More people in work but job creation slows

BY PHILIP STEPHENS

THE NUMBER of people in work in Britain is continuing to increase but the pace of job creation appears to have slowed this year.

Official figures released yesterday also show that average earnings for those in employment are still rising much faster than inflation, despite exhortations from the Government and industry for lower pay deals.

The Department of Employment said that the employed labour force, which includes the self-employed, rose by 28,000 in the three months to June. That means that there are now 677,000 more people at work than in March 1983 when the labour market first began to respond to the pick-up in economic growth.

The latest increase, which followed a rise of 34,000 in the first quarter of the year, compares with an average quarterly rise of 84,000 in 1984, and is the lowest for two years.

In line with previous trends, most of the new jobs were concentrated in service industries such as banking and insurance, retailing and the hotel and catering industries.

These partly offset further job losses in manufacturing and other production industries. The net addition to the employed labour force came from higher self-employment.

Mr Kenneth Clarke, the Employment Minister, said that the shift towards employment in service industries reflected a pattern found in all the world's major developed economies.

The Bank of England said in its Quarterly Bulletin last month that as most of the new jobs were part-time, the full-time equivalent number of employees might have increased by only a third of the total implied by official figures for last year.

In separate figures for pay, the department said that average earnings for the whole economy were still increasing by an underlying 7½ per cent a year, but for manufacturing the rate was 9¼ per cent.

That compares with an inflation rate of just over 6 per cent and widespread forecasts that the annual pace of price increases will fall to 4 per cent in the middle of next year.

The Confederation of British Industry (CBI) gave a warning earlier this week that pay settlements in the present pay round would have to fall at least two percentage points from last year's average if Britain was to retain its international competitiveness.

Unit wage costs for the whole economy were growing at an annual 3.3 per cent in the three months to June, but in manufacturing the figure was double that amount.

Jobs confusion, Page 8

Monetary policy 'runs risk of crisis'

By Our Economics Staff

THE GOVERNMENT's approach to monetary policy may be courting the risk of another sterling crisis next year, a leading City of London economist says today.

Mr Gavyn Davies, chief UK economist at stockbroker Simon and Coates, gives the warning in a review of the Treasury's strategy ahead of this evening's speech in the City of London by Mr Nigel Lawson, Chancellor of the Exchequer.

London's financial markets are looking to the speech for clarification of official policy, particularly in relation to sterling's role in setting interest rates and to the recent downgrading of the broad money-supply measure, sterling M3.

Sterling M3 has been growing by more than twice the maximum rate set down in the Government's target range, but the Treasury has made clear that for the moment it is not regarded as a reliable guide to monetary conditions.

Mr Davies argues that the Chancellor is unlikely to announce any important policy initiatives today, although it is just possible that a slightly narrower money-supply measure, M2, might be given official target status.

Ford fights to recoup lost fleet-car sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S CAR wars are about to enter a new phase. Ford has signalled its intention to claw back lost share in the fleet market.

Instead of simply offering bigger discounts, however, the group is improving the specification of some of its models – but only to large fleets (those which buy more than 25 cars a year and account for about a quarter of total UK new car sales).

As an opening shot, Ford told 16,000 fleet managers this week that from now on, all Sierra models would be delivered with sunshine roofs. A private buyer would have to pay £315 for that factory-fitted extra.

The sunshine roof was chosen after careful research showed that it was the most popular item among fleet car drivers – 75 per cent put it top of the list. Mr Roger Humm, Ford of Britain's director of sales, said yesterday his company must listen carefully to what the users – sales representatives and the like – had to say because 75 per cent of them had a voice in the car selection process. "We are not just dealing with fleet managers any more."

Ford acknowledges that its major rivals, General Motors, the Vauxhall Opel group, and BL's Austin Rover subsidiary, will almost certainly follow its lead, but it believes it has a clear head start.

Mr Humm said the move was part of Ford's policy of giving buyers more for their money.

Ford in 1980 accounted for more than 60 per cent of sales to the large car fleets and has developed a reputation for arrogance in its dealings with the fleets.

The revival of GM's Vauxhall subsidiary in Britain and the popularity of the Vauxhall Cavalier with fleet buyers has seen Ford's share slide to 45 per cent, while GM's share has doubled to 33 per cent. Austin Rover trails in the large fleet market with 15 per cent, according to Ford's estimates.

Meanwhile, Mr Sam Toy, chairman of Ford of Britain, yesterday maintained that the cut-throat price war could not go on much longer without damaging the industry's long-term investment programmes.

He insisted that when manufacturers gave extra incentive money to dealers "and similar stimuli to grab sales, they create more problems than they solve, the worst of which is the virtual elimination of the manufacturers' profit margins. The absurd result is that after spending vast sums of money, everyone stands still. We need to find a way of breaking the habit, but it is not easy."

Even as Mr Toy was speaking, GM dealers were receiving details of another bonus campaign. It was that company's response to incentive action this month by Austin Rover and Ford.

QE2 work pledged to British shipyards

By Ian Rodger

A SIGNIFICANT part of Cunard's proposed £80m project to replace engines in the Queen Elizabeth 2 liner would be carried out in British shipyards, the shipping group said yesterday.

Mr George Law, Cunard's general manager, said a decision would probably be made within a week on placing what he called a very complicated contract.

He would not comment on reports that the contract would be placed abroad, but said: "I think you will find when it comes out that, if it goes abroad, a significant percentage of the work will be done here."

Early this year, there were reports that Cunard was in discussions with MAN of West Germany and Sulzer of Switzerland. The proposed project involves taking out the QE2's two steam turbine engines and replacing them with four high-speed diesel engines.

Those would enable the carrier to cut several million pounds off its £15m annual fuel bill. The work would take six months, starting on November 1 1986.

Mr Law said that because of the short time available the work would probably be shared among a number of yards.

Cable TV industry gets £5m state aid to develop services

BY JASON CRISP

THE GOVERNMENT is to inject £5m into Britain's flagging cable television industry to encourage the development of advanced interactive services such as home banking and shopping.

When the Government approved cable TV nearly three years ago it said it should be completely funded by the private sector, and placed very strong emphasis on the use of high technology that could provide such interactive services.

Interest in investing in cable TV has been very low, partly because of the subsequent withdrawal of capital allowances and partly because of weak demand for the services. There has been little enthusiasm for expensive technology where there is no proven demand for the services.

The French and West German Governments are investing substantial public sums in cable television mainly because of the potential of advanced communications services.

At the time of Britain's initial commitment to cable TV, the Government said: "It's the range of new non-broadcasting services which is the *raison d'etre* for the expansion."

The £5m, announced yesterday by Mr Geoffrey Pattie, the Information Technology Minister, is a fraction of the money being spent in France and Germany. It is in addition to £1.65m it has given companies to develop an advanced type of switch to be used in cable systems.

The new money is to support demonstration projects for interactive services. The Trade and Industry Department said several companies were keen to arrange such presentations

Mr Pattie said yesterday: "We recognise that at the early stages of cable development operators may find difficulty in putting together the resources required to introduce advanced interactive services, particularly when the market for those services is untested and market awareness is low."

The information gained in the demonstration projects supported by the trade department will have to be shared with other companies in the industry. Mr Pattie also said: "The scheme will provide an effective testbed for a wide range of interactive services and will also increase public awareness and pull through the underlying technology."

Half-year spending tops budget target

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

GOVERNMENT SPENDING in the first half of this financial year was substantially higher than the budget target for the year as a whole year, according to Treasury figures published yesterday.

The Treasury believes that is the result of special factors and that the underlying rate of spending in the first half may not be far above planned levels.

Yesterday's figures showed that spending on "supply services" – the best measure of departmental expenditure – was almost 9.3 per cent higher in the first half of the financial year than in the same period a year earlier.

That compares with a rise a little over 6 per cent projected at the time of the budget. The Treasury said there had been special factors to explain the discrepancy.

The main difference was that this year £750m of advance contribution to the EEC was paid out of supply services, compared with no payment in the same period last year. Another discrepancy was that departments had had larger balances of unspent cash so far this year compared with last year's levels.

After taking account of those factors, the underlying rise in departmental spending is put at about 7 per cent. As the 6¼ per cent annual rise forecast at the time of the budget was not on a strictly comparable basis, the two figures are thought to be within striking distance.

Labour proposes more shares for workers

AN EXTENSION of employee share-ownership and participation and of co-operative enterprises was proposed yesterday by Mr Roy Hattersley, Labour's Economic Spokesman, as part of the party's rethinking of industrial policy, writes Peter Riddell.

His ideas, in a speech to the Institute of Personnel Management, marks a further significant step in Labour's move from traditional centralised public ownership towards new forms of "social ownership." Mr Hattersley said this would allow the role of profits to be accepted by trade unions, while the public and private sectors would overlap in a pluralistic mixed economy.

Many of Mr Hattersley's specific proposals parallel the increased emphasis on employee share-ownership and participation in recent policy statements from the Social Democratic Party/Liberal alliance.

Mr Hattersley said: "The creation of co-operatives and the acquisition by employees of shares in the companies which employ them – coupled with rights to promote employee participation – is a far more effective way of providing economic enfranchisement than the creation of vast state monopolies which are often insensitive to the needs both of workers and consumers."

Any extension of employee shareholdings should be for all workers, not just senior executives, and should carry the same voting rights as for other shareholders.

In particular, loan and tax disincentives affecting the length and time of purchases should be removed and retention encouraged.

To overcome the reservations of institutional investors about dilution of their shareholdings, Mr Hattersley said trusts might be established to purchase existing shares on behalf of the employees.

He cited employee stock ownership plans in the U.S. which, taking advantage of tax concessions, borrow money to buy shares in a specific company.

Unity Trust, the new trade union financial body, was studying the feasibility, under existing legislation, of giving employees a stake in their employers' business.

□ LONDON'S oldest established stockbroker is to be taken over by an insurance broker. Giles & Overbury, which dates back to 1802, has agreed to sell a 29.9 per cent stake to Charnley Davies, an insurance broking group based in Leeds. Charnley Davies plans to take full ownership of the stockbroker when Stock Exchange rules permit that early next year.

□ JOBS at Export Credits Guarantee Department, Britain's main export promotion agency, are likely to be lost as a result of reorganisation and cost cutting. Union leaders say that 700 of the department's 1,780 jobs are "at risk." Telecom job cuts, Page 8

□ WHITE-COLLAR staff at GEC Telecommunications in Coventry have voted for an immediate overtime ban because of threatened redundancies. The action might harm production of the System X digital telephone exchange.

□ A TORY MP, Mr Geoffrey Dickens, has warned Mrs Margaret Thatcher, the Prime Minister, that there will be an "almighty backlash" from the party's MPs if the Government persists with its plan to show preference to companies employing a representative number of black workers.

□ TI MACHINE Tools', losses will be reduced by about 30 per cent this year and the company should be back in profit within a year, Mr John Wareing, managing director, said in Coventry. This year's order inflow was about 35 per cent higher than last year. "We are confident of gaining orders worth in excess of £25m this year," he said.

□ JAPANESE construction group Kumagai Gumi, of Tokyo, has joined private UK developer Glengate Holdings to carry out a £55m modernisation scheme at the former Bourne & Hollingsworth department store in London's West End.

□ PRICE-cutting has broken out among glass-bottle makers, increasing pressure on loss-making competitors. The poor summer is being blamed for the cuts.

□ BRITISH isolation over economic sanctions against South Africa might damage trade with the Commonwealth, according to Dr David Owen, leader of the Social Democratic Party (SDP). He accused Mrs Margaret Thatcher, the Prime Minister, of making sanctions "an artificial issue of principle."

□ VAUXHALL'S management has been given nine days by three main unions to find a formula that satisfies their demands for cuts in car and component imports. If no solution is found, General Motors, the parent company, will face a ban on all its vehicles imported into the UK.

UK NEWS

BT 'intends to cut 4,000 jobs and reduce overtime'

BY DAVID THOMAS

BRITISH TELECOM intends to reduce its workforce by at least 4,000 this year, cut overtime and re-examine local and national agreements with unions in its local communications services division, which is the largest division in the corporation.

Those objectives are set out in a confidential paper to senior managers. It was written by Mr Iain Vallance when managing director of local services. He was recently appointed BT's chief of operations.

The paper sets out objectives that BT's top managers must meet to turn BT into "Top Telco by 1990." That is a reference to Mr Vallance's concern that BT should beat the performance of telephone companies abroad.

The paper contains detailed targets for market growth, such as that private usage of telephones should rise from 82 per cent this year to 93 per cent by 1989-90. It also contains performance targets, such as that business dissatisfaction with the repair service should fall from 7 per cent to 2 per cent over the same period.

There are few signs in the paper that BT expects to lose much market share in any of the sectors covered by the local communications services division before the end of the decade.

BT has not publicly announced any target for job cuts this year. The 4,000 target in the internal paper – 2½ per cent of manpower in the local communications services division – comes on top of job losses of almost 16,000 throughout the whole of BT during the last three years.

The paper tells BT managers to "examine existing arrangements with unions, both local and national, and change practices which are no longer consistent with running the business excellently."

Mr Vallance tells his managers to use the opportunity of structural reorganisation within BT to ensure that "management is in the driving seat and that union desire to consolidate the 'highest common factor' is thwarted."

Instead, the paper states, managers "must aim for the lowest common denominator, or less," particularly by identifying and removing non-mandatory elements of agreements and local customs and practices.

Something for everyone in the latest employment statistics

Job figures based on confusion

BY PHILIP STEPHENS

NEWS YESTERDAY that the number of people in work in Britain is continuing to climb had something for everybody.

The Government could justly claim that its economic strategy was still generating jobs. Opposition leaders could equally well retort that the increased employment has had no effect on unemployment.

The truth is that the figures, from the Department of Employment, are among the most difficult of official statistics to interpret.

Each net total for jobs created or lost in different sectors of the economy hides many different underlying changes: substitution of part-time for full-time work, switches between male and female employment; jobs shed in one industry replaced by extra work in others.

The problems are compounded by deficiencies in the official data. Each quarter the statisticians have to track changes in a labour force of over 23.5m people based on returns from only a fraction of the country's employers.

The annual Labour Force Survey conducted by the Department of the Employment takes a wider sample and the three-yearly census of population gives a still broader view. So statisticians are forced to "guesstimate" many of the key components in the overall picture.

Those provisos apart, yesterday's figures do confirm several underlying trends apparent since Britain's emergence from recession three years ago.

The number of people with jobs, as Mr Kenneth Clarke, the Employment Minister, has emphasised, has been rising for more than two years. In the three months to June, an additional 28,000 people found work.

The employed labour force, which includes the self-employed and the armed forces, now stands at 23.7m, 677,000 higher than in April 1983, when employment first started to recover from the recession.

The pace of job creation however, appears to have slowed. The increase for the latest quarter is the smallest for two years and compares with a rise of nearly 130,000 in the last three months of 1984.

It also seems clear that full-time jobs in manufacturing and production industries are still being replaced largely by part-time work for women in service industries such as retailing, or by self-employment.

Manufacturers are not shedding labour on anything like the scale seen in 1980 and 1981, but job losses are still averaging between 3,000 and 5,000 a month, despite the economy's overall buoyancy.

In the latest three months, outside the services sector 38,000 jobs were lost, mainly in manufacturing, construction and the energy industries. That was partly offset by an increase of 34,000 jobs in services.

The net addition of 28,000 people to the employed labour force came entirely from self-employment. Statisticians reckon they can add about 32,000 jobs every quarter to reflect the start-up of one-person businesses.

Those trends are confirmed by an analysis of the total of 677,000 jobs created since spring 1983.

Manufacturing has recorded a fall in employment in every quarter except one, while the number of jobs in service industries has been on a consistent upward trend. That in turn is reflected in the breakdown of the new jobs between full and part-time and between men and women.

Excluding self-employment, the number of men in work fell by 208,000 but the number of women with jobs rose by 468,000, of which 438,000 were part-time.

That net addition of 260,000 jobs was boosted by an estimated 412,000 people finding work by setting up their own businesses. The balance of 5,000 came from an increase in the number of people in the armed forces.

The breakdown goes a long way to explain why the rising employment figures have not been translated into lower unemployment.

The present demographical trend is towards a larger labour force as young people seeking work outnumber those retiring. That has been compounded because the bulk of the new part-time jobs have gone to women not officially registered as unemployed.

Mr Clarke yesterday reaffirmed the Government's view that those shifts in employment parterns represent the continuation of a long-term trend both in Britain and abroad and are characteristic of a modern developing economy.

Ministers hope an unexpected slowdown in the number of people entering the labour market will eventually mean that the new jobs cut the unemployment register.

The Government's critics will continue to argue that what they term "pin-money" jobs are no substitute for increasing employment in manufacturing, which they regard as essential to Britain's long-term future.

Leyland Bus holds out hopes on rejected Thai deal

BY CHRIS SHERWELL IN BANGKOK AND JOHN GRIFFITHS IN LONDON

THE CONSORTIUM led by Leyland Bus, subsidiary of state-owned BL, that is bidding for a £385m contract from Thailand to revamp Bangkok's public bus system, still believes it has a chance of securing the deal.

That is despite the Thai Cabinet decision on Tuesday not to proceed with the plan.

Mr Paul Channon, the UK Minister of Trade, who is in Bangkok for an EEC-Asean meeting of economic affairs ministers, declared yesterday that the British consortium proposals had been rejected and that it might only be able to contribute to a modest alternative project.

The Thai Cabinet said that, because of the Government's financial position, a project that would create a heavy debt burden was not justified.

Mr Channon said after a meeting yesterday with Mr Samak Sundaravej, the Thai Communications Minister, that he fully accepted that. But Leyland believes the door is not closed, and it evidently has concessions to offer on all points hitherto raised by the Thais.

The Cabinet session provided the first opportunity to discuss the project since Gen Prem Tinsulanonda, the Thai Prime Minister, returned from a trip to the U.S. and Europe. It now appears that at a meeting in London with Mrs Margaret Thatcher, the British Prime Minister, no material advance was made on the outstanding points in the deal, and that that might have contributed to the outcome.

If so, that would support the view that the deal – potentially one of Britain's biggest manufacturing orders abroad – can be saved. Certainly many other foreign companies have rescued contracts from near oblivion in Thailand as government decisions have been modified or reversed.

The importance of the Thai contract to Leyland Bus cannot be overstated. It would provide for Leyland to supply 4,500 buses, spread over several years. It would have been an enormous shot in the arm for a company with total bus production of 2,354 last year and which has been obliged to close plants and halve its workforce in four years to just under 3,000. Leyland and other bus makers have watched helplessly as the British bus market has virtually collapsed over the same period.

By the end of this year, only about 700 double-deck buses and fewer than 50 large single-deckers will have been delivered by all manufacturers to UK customers. The collapse is attributed mainly to uncertainties created by the Transport Bill to deregulate bus services, which, even if passed shortly, as expected, is predicted to lead to only a slow increase in bus production for several years while operators ascertain their requirements.

Except in a few Far Eastern markets, including Hong Kong and Singapore, the export scene is little less gloomy.

Many traditionally lucrative developing world markets have been punctured by soaring debt-service costs and oil prices and plunging commodity prices. Leyland says that in 15 overseas markets where it was selling £150m worth of trucks and buses as recently as 1982, export credits guarantee insurance is impossible or very difficult to obtain.

So deep is the recession in bus markets that even a deal the size of that with Bangkok, which would be the largest in Leyland Bus's history, would not have produced any more jobs at its three remaining plants.

Not least important to Leyland Bus is that it would have allowed it to make some progress towards profitability. The bus subsidiary's financial performance is not separated out in BL's accounts, but it is acknowledged to be making continuing "substantial" losses.

Leyland executives insist that if the company does not get the contract, that will not of itself present an immediate threat to any of the plants. "We have seen the Bangkok deal all along as opportunity business," said one. "It is not a case of Leyland Bus living or dying by it."

CONCENTRATION OF HOME LOAN FUNDS

Mergers of building societies 'to rise'

BY CLIVE WOLMAN

ABOUT 80 per cent of building-society assets will be concentrated in the hands of only five societies in 10 years, as a result of mergers, Mr Peter Birche, chief executive of the Abbey National building society, said yesterday.

Speaking at a Financial Times retail banking conference on the economics of financial services, Mr Birch said the building-society industry would become more concentrated as a result of legislation due in the next parliamentary session, greater competition and the need to invest in new technology.

Only societies that diversified their services profitably and built up much larger reserves than existed today would survice. He predicted that after 10 years, five mega-societies would co-exist with no more than about 20 to 30 small but well-run regional and local societies.

He admitted that at present societies lacked the skills to make unsecured loans, which were likely to be permitted by the new legislation. "There will be a lot of burnt fingers," he said, adding that the societies' ability to lend up to about £5bn in unsecured loans would ultimately have a heavy impact on the £18bn market.

Mr Birch also criticised solicitors for seeking to stop competition in conveyancing (legal transfer of property) while they themselves earned commissions from recommending endowment mortgages and other financial products. "I would find it surprising if the present Government was to be swayed by the powerful legal lobby in the House of Commons, who will be out to protect their own interests," he said.

Sir John Read, chairman of the Trustee Savings Bank Group, who spoke on the subject of the accountability of company managers, said he was surprised when he first became involved in banking to discover that many financial institutions lacked a finance director.

"The work of a finance director seems to be carried out piecemeal by all the board members or not carried out at all," he said. "Part of the traditional finance director's role is about being a check on the executive, and providing a critique of their performance and proposals."

He also called for non-executive directors to be given more importance and influence on company boards. In contrast to the U.S., non-executive directors in the UK were often in a small minority and expected to do no more than rubber-stamp management decisions.

He called for their participation in audit committees to make them more effective in reviewing the work of internal auditors. The audit committee, he said, should be "a counterbalance to the concentration of power and information in the hands of the top executives."

Mr Terry Green, general manager of the business development division at National Westminster bank, said that NatWest would be investing £800m in new technology over the next five years. The bank had "a head start over the competition."

He also disclosed that NatWest's high-interest Special Reserve account, set up in January to compete with building-society accounts, had attracted nearly £1.5bn in deposits since then.

Mr James Larkin, a president of American Express Europe, who is chairing the conference, said that of the £4.2bn of overseas earnings generated annually from tourism in the UK in 1984, 31 per cent or £1.3bn flowed through American Express. The inflow from card operations alone amounted to £434m or 10 per cent of the total and had been growing at an annual rate of 19 per cent since 1980.

Mr Larkin said his company spent £5.4m in 1984 promoting the UK as a tourist destination, equivalent to half the British Tourist Authority's annual expenditure on overseas publicity.

Mr Charles Winter, group chief executive of the Royal Bank of Scotland Group, said the move towards electronic banking and money transmission systems would lead to big changes in the structure of retail banking branches in the UK. The number of branches, however, would not necessarily decrease substantially. They would serve more as consultation points between staff and customers.

He added that the telephone rather than the branch network had been the main medium for selling motor insurance over the last year. That novel approach had yielded "exciting results."

Mr M. J. Regan, senior executive vice-president of domestic banking at the Royal Bank of Canada, told the conference that personal financial services would have to be at the top of the priority list of any bank planning to expand over the coming decade.

Mr John Elliot, executive vice-president of MasterCard International, and Dr Wulf von Schimmelmann, member of the board of managing directors of the DG bank, both spoke on the effect of technology on retail banking. Mr Elliot produced a detailed analysis of the economics of MasterCard's payment system.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It takes belief in one's own ability and ideas. It takes product knowledge and marketing skill. And, yes, it takes guts to be a potential rising star.
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TECHNOLOGY

EDITED BY ALAN CANE

Geoffrey Charlish reports on the latest offering from the company which invented the micro 14 years ago

Intel launches 32-bit microprocessor

INTEL HAS at last formally launched its 32-bit microprocessor, the 80386 — and is quick to respond to comments that the news has come late in the day, with Motorola, National Semiconductor and AT & T already in the market place.

At first sight the lateness seems surprising, Intel having invented the micro in 1971.

But Mr Roger Banks, microprocessor and peripherals marketing manager for Europe, says the timing is right. He points out that, even now, many designers are still grappling with 16-bit projects, while systems continue to appear based on eight-bit, and even four-bit circuits.

He also believes that the 32-bit micros launched so far leave something to be desired, their performance often barely exceeding that of a good 16-bit device. That, he claims, is one reason why Intel's 16-bit chip, the 8086, won 83 per cent of the micro market in 1984 and is likely to win 86 per cent this year, according to market research company Dataquest. Another Intel 16-bit device, the 80286, was chosen exclusively for IBM's AT personal computer, and accounts for 7 per cent of all microprocessor sales.

This year the 32-bit market is unlikely to exceed $17m. Dataquest expects no rapid rise until 1988, after which growth will be very rapid, reaching nearly $200m by 1990, with no slackening in the growth rate.

In 1985, about 100,000 32 bit micros will be sold; for 1990 the number is put at 4.7m, but the applications will change dramatically.

Today, advanced systems like computer aided design, engineering and manufacturing, including robotics, absorb 43 per cent of the 32 bit devices, office automation accounting for only 33 per cent.

But by 1990, office automation will use 84 per cent and the systems on the market will be much more powerful and useful than today's.

Intel says that with a sustained operational speed of three to four MIPS (millions of operations per second), its 32 bit micro is "substantially" faster than the nearest competitor.

The micro can directly address four gigabytes of memory, equivalent to four thousand million characters of text. Using virtual memory techniques (in which fixed and rotating memories are used jointly to produce, in effect, a larger capacity), the figure rises to an astonishing 64 terabytes, or 64,000bn characters.

It is important for a micro to be able to address as much memory as possible in order to run large programs, tap large amounts of data and use mass storage devices such as optical disks.

The new device moves and manipulates data 32 bits at a time instead of 16 (a bit or binary digit is the fundamental data unit, a single "on-off" action). Together with the large memory ability and high speed data transmission within the system over data "pipelines," this gives the 80386 enough power to run, simultaneously, large application programs written for different operating systems, such as Unix and MS-DOS.

The importance of this is that it allows the design of "all-in-one" workstations which could run, for example, a computer aided design graphical program, a spreadsheet financial package and word processing, with "windowing" to allow access to them all concurrently.

A significant feature of the 80386 is its full compatibility with all the software (and much of the hardware) already produced for the existing 16-bit processor, the 8086. There is an enormous pool of this software for which some $6bn has been paid and which can be used immediately in the 80386, since it can execute 16 and 32 bit software simultaneously.

New co-processors (add-on power-increasing units) the company will release soon can operate alongside existing co-processors designed for 16 bit systems. In addition, Intel single board computers based on the new 32 bit micro will operate over the same data highways as existing 16 bit boards.

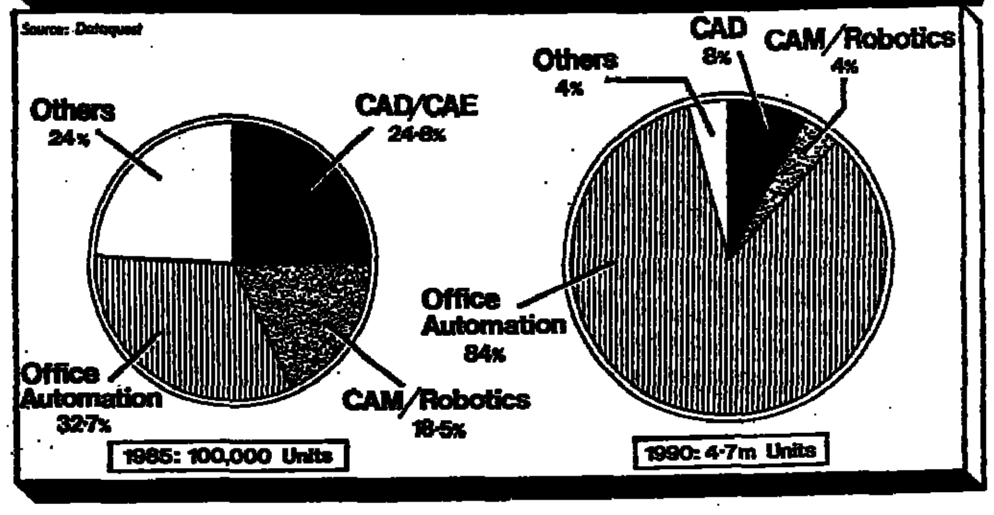
So existing Intel customers will not necessarily have to redesign products completely, but can downgrade them to advanced proprietary systems.

They are likely to have fewer heat dissipation problems. The new micro is built in Intel's latest chip technology, allowing over 275,000 transistors to be accommodated on the thumbnail sized device with an average heat emission of only two watts.

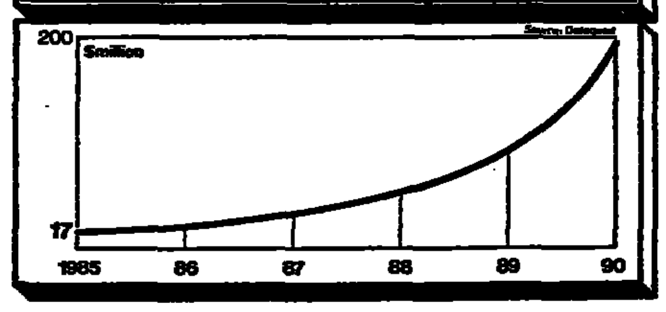
The price has been set at $299 for quantities of 100, but if Dataquest's predictions are accurate, the industry price by 1990 will have dropped to $40.

The new Intel chip may turn out to be the shot in the arm the computing industry needs as it passes through a slump which is now widely felt to be the worst yet experienced.

32 BIT MICROPROCESSOR APPLICATIONS



32-BIT MICROPROCESSOR MARKET



Hong Kong goes the whole hog with electronic shopping

BY SIOBHAN HANEY

WHILE MANY Western countries are still experimenting with a hotchpotch of trials with Electronic Funds Transfer at Point of Sale (EFTPOS), the territory of Hong Kong has already gone "live" with the first single co-ordinated national EFTPOS system, called Easy Pay.

It was launched in June this year, initially for a three month trial period, with 29 participating banks and nearly 40 retailers (113 outlets) with 278 terminals. That test period ended on October 1 and many more retailers are now anxious to join the system. Indeed, Easy Pay has been so successful that the system's controlling body, Electronic Payment Services Company (EPSCO), has been able to reduce charges to retailers.

During the test run, retailers had to pay a minimum monthly rental charge of HK$500 a terminal. Fees were charged at a rate of 50 cents for transactions up to HK$100, HK$1 for transactions of HK$100 to HK$300, HK$1.50 between HK$300 and HK$500 and HK$2 for transactions above HK$500.

Now the fees structure is much simpler; the retailer pays HK$120 a month for the lease of the telephone line, and 0.75 per cent of the value of any debit card transaction, but the credit card transactions themselves are free, apart from the standard charge payable to the credit card company. Hence the retailers' terminals are now free of charge.

The participating banks include all but two of the indigenous Hong Kong banks which issue automatic teller machine (ATM) cards and some overseas banks as well, including Chase Manhattan Bank, BankAmerica, and Banque Nationale de Paris. All major credit cards can be used in the system.

To use Easy Pay, a customer produces the ATM card at the checkout desk. Once the cashier has entered the bill total into the computer-linked till, the card is inserted in the terminal and the customer enters his or her personal identification number (PIN) on a hand-held pad, confidentiality is ensured.

All the information is then relayed to the central computer which checks that the customer's account has enough money in it to cover the transaction, subject to the limit of the individual bank's ATM system. When this has been confirmed, the computer records the purchase, debits the customer's account and credits the retailer. The whole process takes just 25 secs.

In the case of credit cards, the customer hands over the card, which is inserted in the machine for checking, and then signs the standard voucher form. In the future, it will be as easy to use a credit card as a debit card, because credit cards will carry their own PIN so customers can use them in the same way as a debit card without the need for paper vouchers.

At the centre of Easy Pay is a Tandem Non-Stop II computer, which was installed by the Hongkong Bank in 1982 to handle the Clearing House Automated Transfer System which enables banks in Hong Kong to transmit funds quickly and efficiently. The Tandem was chosen for its fault-tolerant qualities which mean that it cannot break down in mid-transaction. To protect customer's accounts, the secret PIN which is punched into the terminal is twice scrambled in the computer before any transaction is made. The computer can handle 20 transactions a second.

Easy Pay was the brainchild of Mr Andy Borland, EPSCO's managing director, who likes to describe the system as *his baby*.

EPSCO was formed in August 1984 and given the specific task by the Hongkong Association of Banks of setting up an EFTPOS system. The Hongkong Bank was awarded a five-year management contract by the consortium of banks in the scheme to establish and develop the system using the bank's Tandem computer.

Easy Pay has been authorised by the association as the only EFTPOS system in Hong Kong, thus eliminating the risk of confusion which could have arisen if overlapping competing systems had been permitted, as happened in a number of countries.

Traditionally, a big problem with EFTPOS schemes in the West has been banks' inability to persuade retailers to pay something towards the cost of the terminals and transactions.

EPSCO overcame this problem with Easy Pay as Mr Borland explained: "Obviously the size of Hong Kong is a major advantage and we already have three successful ATM networks, so customers are used to using plastic.

"We had to launch a strong marketing campaign to persuade retailers that the system had advantages for them, but since the system went live, it has really proved itself and the retailers have been extremely pleased with the results."

Siobhan Haney writes for The Banker.

Bell rings the changes in software

How do software engineers in a multinational telecoms company with laboratories in several countries make sure they are developing consistent products to meet the needs of each country?

The answer, of course, is to use telecoms, which is what Bell Northern Research, the research arm of Northern Telecom, has done in North America, the UK and several other parts of the world.

Using a software library at the company's headquarters in Ottawa, software laboratories in Maidenhead, Toronto, North Carolina and Texas are linked by leased lines operating at 9,600 bit/sec and in the U.S. at 64,000 bits per second.

Any software design change made to Northern Telecom's DMS series of digital telephone exchanges in any of the countries is immediately signalled to Ottawa where the library is updated, making the new data available to all the other designers.

BNR now has 93 staff at Maidenhead, 60 of whom are software people. Although Northern Telecom was awarded no contracts in the recent BT round of public exchange ordering, the lab continues to recruit and foresees a 50 per cent increase during 1986. It is carrying out work for the U.S. Air Force in the UK, Cable and Wireless in the UK and Caribbean and for Austrian and Turkish licensee companies.

Coloured glass

ALSTOGLASS of Cheltenham is selling a range of laminated safety glass available in 250 colours, which the company says will add a new dimension to the appearance of buildings. The material reduces the penetration of solar rays and so can be used to stop buildings heating up in the summer.

The substance, called Coloram, is manufactured from two sheets of annealed float glass bonded with an interlocking layer of polyester-based resin. The company says it does not want to divulge exactly how it infiltrates different colours into the glass.

More information on 0242 584085.

Telex will function as computer

THE OLD, clanking, electro-mechanical teleprinter now seems as far in the past as Creed, the company that made it in Croydon and then down in Sussex.

After various metamorphoses, telex machines have come to look more and more like personal computers and there is now little to tell them apart.

The latest machine from STC, called Textel 3000, consists of a screen and keyboard unit and separate printer, sourced from Germany, Japan and elsewhere—the contribution by STC Telecomunications at Brighton is mainly in terms of software.

By avoiding major hardware design, STC has been able to keep the price down to £1,995 for a basic terminal and printer, rising to £2,895 for the top end terminal with a 9x9 dot matrix printer producing near-letter quality results.

There are four models with the ability to upgrade and they all offer easy text editing of messages on the screen, short code dialling, full upper and lower case printing, a 12 inch screen and unattended operation.

Basic storage starts at 16,000 characteers, with a maximum of 128,000, and the two basic models can be equipped with single or double 3.5 inch disks each with 1m characters of storage. The top of the range model can operate as a word processor and connections can be made to other office equipment over an RS232 link.

STC says Textel has been designed from the start as a telex machine and is aimed at telex users first and personal computer users second. Nevertheless, STC will be competing to some extent with plug-in board offerings that give personal computers, notably the IBM PC, telex abilities.

The argument against such an approach says STC, is that users with a number of PCs will have to buy a board for each—and some cost as much as £1,500. Such users might opt for an aternative, such as BT Gold, in any case.

STC sees a good export opportunity with Textel in countries where there is an open telecoms market and hopes to sell 10,000 units a year overseas.

In the UK, there are, says the company, 15,000 of the earlier Puma machines to replace, 30,000 electromechanical machines still in use, and 600 new telex connections being made each year.

UK INDUSTRY

Horsell's positive tactics

By Nick Garnett, Northern Correspondent

IN THE unemotional and rather mundane manufacturing world of offset lithographic printing plates one word is enough to charge the atmosphere with electricity. Only mention the name Horsell to managers of the biggest lithographic plate makers in Europe to hear the intake of breath.

"They do not give a damn about anybody," is one of the milder comments. "It is irresponsible and they are leading the industry down a path they may well live to regret. They have been using virtually wrecking tactics" is another. "They have done some dastardly deeds in Holland," adds an international flavour.

The subject of these vituperations is a small company based on the outskirts of Leeds whose pricing tactics have sent shock waves through the UK printing plate industry.

From being a sleepy family business that could easily have gone under in the late 1970s when it had just 3 per cent of what is now a £37m domestic market, Horsell Graphic Industries has clawed, fought and bought its way to a position of being the second biggest producer in the UK in terms of value with around 20 per cent of the market.

Its total sales—80 per cent deriving from printing plates and a half of that coming from exports—have jumped from £8.3m five years ago to £25m last year with a target of £38m for the current 12 months. This is at time when the UK and world markets for these specially coated aluminium plates have been growing yearly by only 3 to 5 per cent.

Horsell's shoulder-charging tactics are an additional headache in a worldwide platemaking industry yet to come to grips with massive production over-capacity born out of far-reaching technological changes as far back as the late 1970s.

The company's aggressiveness was a prime reason why, with just £8.5m assets, Horsell was the subject last month of an agreed £45m takeover bid from Cookson, the metals and industrial chemicals group.

A Horsell employee inspects a presensitised plate

That figure is more than a third higher than Horsell's capitalisation on the over-the-counter market and much more than the price it would have achieved had it gone ahead with its intention of a Stock Exchange listing.

In Britain Horsell does not talk to its competitors and refuses to become a member of the British Federation of Printing Machinery and Supplies. It is a loner, branded as a rogue company by the rest of the industry. What is more, its younger managers love it. "We are aggressive bastards. The only rule is that we get market share and you leave us alone or we'll burn you," says Mr Trevor Grice, Horsell's Bradford-born managing director and group chief executive designate who brings a new definition to Yorkshire bluntness.

Cookson, which has some small lithographic platemaking capacity, plans to leave Horsell as an autonomous business to get on with what it has been doing. "You don't change the diet of the goose that lays the golden egg," Mr Grice has been telling his own staff anxious about the Cookson takeover. That means more rough-house tactics.

Horsell's gain has been largely at the expense of Howson-Algraphy, the Vickers subsidiary and biggest producer in the UK and to a lesser extent Polychrome, ultimately part of Dai Nippon. Horsell has been doing the same, though on a so far smaller scale in Europe and the U.S., upsetting Kalle, the subsidiary of the West German Hoechst Group and probably the world's biggest producer, ahead of Japan's Fuji.

The world's lithographic plate industry, which generates about 110m metres of plate a year, has been subjected over the past decade to a major technological upheaval. Batch production of cut aluminium sheet has given way to continuous coil spewed out by reel machines, dramatically raising a plant's production capacity overnight.

Mr Derek Wise, group marketing manager for Howson-Algraphy, which has invested £50m in the UK in the past five years, estimates that the industry is suffering from 35 per cent worldwide overcapacity. The market could get even more crowded. Kodak, which along with Kalle and 3M is a sizeable producer in the U.S., has already signalled its intention to take more market share. There is also some unease that Italian producers, who are believed to be running their reels at only 15 per cent capacity, have the potential to produce 9m sq metres a year. While the continuing move towards web offset newspaper printing is giving the market a little more headroom, use of new equipment like electrostatic printers with word processors has been nibbling away at platemakers' business among small printers.

Prices have stagnated. European printers are buying lithographic plate for no more than they were paying five years ago. But UK producers blame this as much on Horsell as on manufacturing overcapacity.

There are two types of plate, negative and positive. All web-offset newspapers use negative plate but Horsell makes hardly any negative, does not sell to newspapers and its market share is just 0.5 to 5 per cent depending on whose figures you use. But in the higher-priced positive plate Horsell now accounts for 40 or 50 per cent of UK supply again depending on different figures.

Some of this sales success has been based on price undercutting to sell what its competitors concede is a good product. "The game is they lose market share on price and we don't," says Mr Grice. The company denies it makes a loss on any of its sales but its competitors believe Horsell uses profits from its U.S. sales to help sell some plates in the UK at below manufacturing cost. Its yearly pre-tax profit has risen from £1.16m five years ago to £3.7m last year and, having secured some Queen's Awards, it now employs over 800 workers.

The company has also been using some tough tactics in an industry which once had a gentleman's agreement not to poach customers too strenuously. These tactics have occasionally generated some boardroom skirmishes involving Mr Geoffrey Horsell, the company's urbane and more traditionally minded chief executive.

But the success of Horsell is as much as anything to do with the way it has transferred itself from a manufacturing to a marketing-oriented company. Having put in new machinery in 1979 it needed a massive sales increase to feed it.

Under Mr Ian Wilde, brought in from the chemicals company, Croda, the salesforce, once a brow-beaten brigade, became the centre of attention and subjected to intensive training. Distribution was sharpened and a proper analysis made of who did the buying in the printing industry. "Catch as catch can" selling overseas was replaced by a network of distributors in whom Horsell usually has a half share. The company's image has been improved by a name change and better literature.

Horsell says it suits it to be an outsider but will come back into the fold if or when it needs to. "That's if anyone lets it," says one senior manager in the industry.

SWEDISH INDUSTRY

Swedyard may abandon shipbuilding business as part of restructuring

BY DAVID BROWN IN STOCKHOLM

SWEDYARD, the state-owned group formed in 1977 to oversee "an orderly restructuring of Swedish shipbuilding," *faces* far-reaching changes.

Its merchant shipbuilding operations, hit by a declining world market share, foreign government subsidies and protectionism, are fighting for survival at a time when the parent company is shifting its focus to other business sectors.

Kockum's, Sweden's last new *building* yard, which once turned out a supertanker every 40 days but is now specialising in cruise ships, roll on/roll off and container vessels, has only six months to win a new order or go under in what the company calls "*an extremely brutal* market."

Gotaverken Arendal (GVA), the offshore arm of Swedyard which was once the focus of grand hopes, has been battered by competition.

The ship repairing and rebuilding yards have seen earnings plummet since 1983, despite substantial cuts in capacity. *And Uddevalla, the last* tanker and bulk carrier producer, is to be phased out at a cost of some 2,400 jobs.

This state of affairs is ironic because Sweden has reduced its capacity proportionally more than any other maritime nation. Its share of the global market has fallen from more than 10 per cent to less than 1 per cent.

Helped by SKr 20bn ($2.5bn) in direct government "restructuring aid," Swedyard has reduced its workforce by two-thirds to some 11,000 people. Today, the yards that remain are arguably the most efficient in Europe, with highly flexible production systems and reliable delivery times.

Yet the *group* has *lost* an astonishing SKr 10.3bn on combined turnover of SKr 51.4bn since its creation in 1977. Ships were built for stock and never sold, and of 145 launches since 1977, between 60 and 70 vessels have had to be repossessed when customers could not pay for them.

Swedyard made a small profit in 1983, the only one in its history, after the state agreed to hive off Zenith Shipping, the company formed to take control of the repossessed ships.

But hampered by shipbuilding problems, it quickly lapsed back into loss *last* year. The *1984 deficit was SKr 1bn on* turnover of SKr 7bn, forcing Swedyard to take big write-downs and write-offs.

"There are new competitors and the production capacity is immense," says Mr Rolf Berkstrand, GVA's managing director. "As a country with no offshore industry it is difficult to offer foreign products and services to the oil companies."

In an attempt to counter these difficulties, GVA has endeavoured to raise its local content—as in the £115m ($162m) production platform now being built for North Sea Sun—*or to form* Scandinavian partnerships, such as its recent acquisition of a 40 per cent stake in Trosvik, the Norwegian fabrication yard.

It is also selling design and engineering know-how to such competitors as Daewoo of South Korea and Scott Lithgow of the UK.

Yet it is uncertain whether this, even combined with high technical competence, will be adequate in the face of a poor market for both drilling and floating production rigs.

Last year, GVA's profits tumbled from SKr 303m to SKr 12m. The group *has* no *major new orders*, and was hit by a large cancellation by Consafe following the offshore group's bankruptcy—a move which deprived GVA of its only Swedish customer. It has been forced to lay off a further 600 people, roughly *one-third of its* workforce.

The situation is perhaps even more acute at Kockums, which has only three merchant vessels on order and faces possibly fatal losses if it fails to win new orders before the middle of next year. Kockums recently lost a crucial SKr 1.5bn cruise ship order to Chantiers Atlantique *of* France.

It has made an impressive recovery from the SKr 801m loss suffered in 1981, recording a small yearly profit ever since.

"We can beat almost anyone on a cost point of view, but the real question is the price competition," says Mr Paul Palsson, the deputy managing director *of* Kockums.

Patience and sympathy from the politicians, has, however, sunk to a new low. The Socialist Government has vowed to cut off further aid. Faced with the prospect of having to turn *a profit on a strictly commercial* basis, the future of the shipbuilding and offshore arms appears increasingly doubtful.

If the next six to eight months *determine* whether GVA or Kockums have a future in their current form—and there has been some discussion of merging the two—the more important issue is whether they will continue to be a part of the Swedyard group.

The group plans a major financial reorganisation within *the next* two months. Executives readily admit that the government is "unlikely to invest in industries which have no future." Among the financial options would be a fresh, one-off subvention to cover closure costs, or a new share issue subscribed by the Government for investment in developing potentially profitable *areas of the business*.

As Swedyard executives are quick to point out, there is more to the group than merchant shipbuilding, whose proportion of total sales has already fallen from 78 per cent in 1977 to 52 per cent of the SKr 7bn last year.

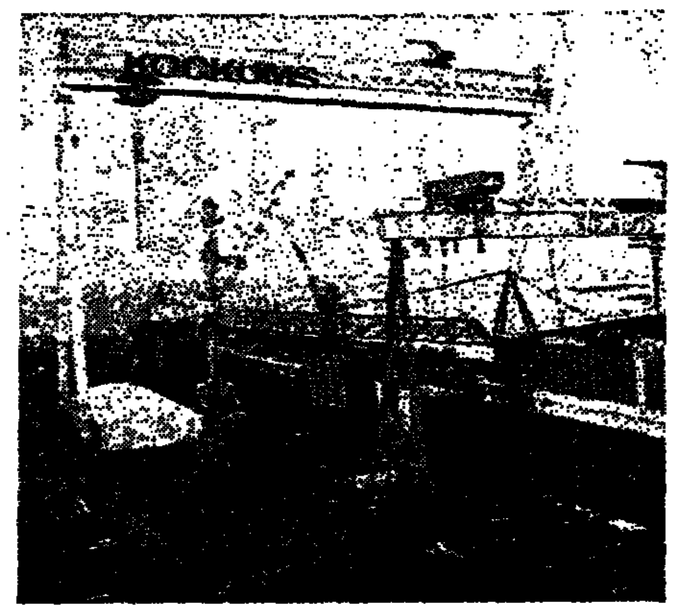
Calor Celsius, which produces piping installations for residential buildings, industrial and power plants with annual sales of SKr 1.5bn, has consistently turned a profit since 1979.

Gotaverken Energy Systems, with annual sales of SKr 718m, is a leading producer of soda-recovery and bark-fired boilers and also manufactures heat pumps, solid fuel-fired plants and diesel power stations.

The group also has a wide range of marketable engineering know-how. Kockums' submarine development contract with the Royal Australian Navy is one example. Karlskronavarvet's plastic hull system for mine sweepers has been sold to the Danish Navy and to Bell Aerospace of the U.S. It is possible these areas could be consolidated into a new marine software division.

Moreover, Kockums' submarine operations, as well as the Karlskrona naval shipyard, both of which are profitable, are likely to be kept open in any *event for national security* reasons.

Swedyard is on the verge of a major reorganisation. The odds that shipbuilding and offshore fabrication will survive this metamorphosis are, however, *rapidly dwindling*.



Kockums yard needs new orders by the middle of next year to avoid possibly fatal losses

A copy of this Prospectus, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies in England and Wales for registration.

This Prospectus does not constitute an offer of any shares for subscription after 5.00 pm on 5th November 1985.

The Directors of Framlington Managed Portfolio Limited (the "Company"), whose names appear below, are the persons responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange, London ("The Stock Exchange") for the Participating Redeemable Preference Shares of 1p each ("Shares") of the Company to be admitted to the Official List.

The Shares are offered on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person must be regarded as unauthorised.

The consents of the Advisory and Finance Committee of the States of Guernsey under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1976, and of Her Majesty's Treasury in compliance with the Order made under Section 1 of the Borrowing (Control and Guarantees) Act 1946 have been obtained to the issue of up to 40,000,000 Shares. It must be distinctly understood that in giving these consents neither the Committee nor the Treasury takes any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. No person may treat this Prospectus as constituting an invitation to him unless in the relevant territory such an invitation could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith.

This Prospectus does not constitute an invitation or offer to any person resident in the Bailiwick of Guernsey, and no such person (other than the Manager) shall be or become an owner of any Shares or be entitled to take any benefit in any Shares whether directly or indirectly.

All references to "Sterling", "£", "penny" and "p" are to the currency of the United Kingdom.

PROSPECTUS

FRAMLINGTON MANAGED PORTFOLIO LIMITED

(An investment company incorporated with limited liability in Guernsey on 3rd October 1985 under the Companies (Guernsey) Laws 1908 to 1973 – No. 14582)

STRUCTURE

The Company is an open-ended investment company incorporated in Guernsey. It will operate in a similar way to a unit trust by issuing and redeeming Shares at offer and bid prices based on their underlying net asset value.

SHARE CAPITAL

The authorised share capital of the Company is £400,100 divided into 100 Management Shares of £1 each and 40,000,000 Unclassified Shares of 1p each.

For the purposes of satisfying applications for subscription, Unclassified Shares will be issued as Participating Redeemable Preference Shares of 1p each ("Shares") of the Company at 50p per Share payable in full on application. Details of the share capital of the Company are set out in paragraph A of *General Information* below.

A new and simple way in which UK and overseas investors may invest in a managed portfolio of Framlington unit trusts.

APPLICATION PROCEDURE

Applications must be made on the form attached to this Prospectus and sent to Framlington Overseas Fund Management Limited to be received not later than 5.00 pm on 5th November 1985, accompanied by a remittance for the appropriate amount. The subscription lists will open at 10.00 am on 6th November 1985 and close as soon thereafter as the Company may decide. Applications will be acknowledged within 7 days and Share certificates sent before 18th November 1985.

The minimum initial investment is £500 (1,000 Shares). Thereafter additional investment may be for any amount.

Acceptances of applications will be conditional upon the Shares being admitted to the Official List by the Council of The Stock Exchange by not later than 6th November 1985. It is expected that, once listing is granted, dealings in the Shares on The Stock Exchange will begin on 7th November 1985.

DIRECTORS
William Royden Stuttaford, OBE *(Chairman)*,
3 London Wall Buildings, London EC2M 5NQ
John Gordon Jesse Evett,
Courtil Nefliaux, St. Andrews, Guernsey, Channel Islands.
Peter Paul Walsh,
"Les Collines du Villocq", Courtil Simon Lane, Castel, Guernsey, Channel Islands.

REGISTERED OFFICE
Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

MANAGER
Framlington Overseas Fund Management Limited,
PO Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands. Telephone 0481 26541. Telex 4191651.

SECRETARY, REGISTRAR AND CUSTODIAN
Barfield Bank & Trust Co. Limited,
PO Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

BANKERS
Barfield Bank & Trust Co. Limited,
PO Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

AUDITORS
Deloitte Haskins & Sells, Chartered Accountants,
Albert House, South Esplanade, St. Peter Port, Guernsey, Channel Islands.

STOCKBROKERS TO THE COMPANY
Laurence, Prust & Co.,
Basildon House, 7-11 Moorgate, London EC2R 6AH.

LEGAL ADVISERS IN GUERNSEY
Carey, Langlois & Co.,
PO Box 98, 7 New Street, St. Peter Port, Guernsey, Channel Islands.

LEGAL ADVISERS IN ENGLAND
Norton, Rose, Botterell & Roche,
Kempson House, Camomile Street, London EC3A 7AN.

Investment policy

The Company aims to achieve maximum capital growth through investment in a managed portfolio of Framlington unit trusts. Investment may be in any of the ten authorised unit trusts currently managed by Framlington Unit Management Limited, details of which are set out in the panel, or in any additional authorised Framlington unit trust which may be launched in the future. The selection of unit trusts and the proportion of the portfolio invested in each may be altered by the Company from time to time to reflect changing market circumstances, within the overall objective of achieving maximum capital growth.

This investment policy will be adhered to for the full life of the Company.

Investment in the unit trusts selected will be in income units of each trust. If the Company considers the market climate to be appropriate, all or part of the Company's assets may be placed temporarily on cash deposit.

It is intended that the initial selection of investments will be approximately as follows:

	%
International Growth Fund	25
Capital Trust	20
American & General Fund	20
Japan & General Fund	15
Recovery Trust	10
American Turnaround Fund	10

Investors should remember that the price of Shares and the income from them can go down as well as up.

Dividend policy

It is intended that all income, net of expenses, will be distributed in Sterling to shareholders so that the Company should qualify for distributor status under the UK Finance Act 1984.

There will be one distribution of income each year, on or about 15th November. Since the aim of the Company is capital growth rather than income, dividends are not likely to be large. The estimated annual yield, based on the initial offer price, is 0.6 per cent.

Shareholders may elect to have dividends reinvested in further Shares by completing a mandate accordingly. Such mandates are available from the Manager on request.

Charges

The Manager will receive an initial charge of 5 per cent of the amount payable in respect of each Share issued or purchased. So as to avoid double charging in respect of the initial charge, units in the underlying Framlington unit trusts will be bought free of the 5 per cent initial charge normally payable to the managers of the unit trusts and included in the price of the units.

There is a monthly management fee payable by the Company to the Manager of 1/12th of 0.5 per cent of the net assets of the Company as at the last valuation day of each month (subject to a minimum of £1,000 per month). In addition, the managers of the Framlington unit trusts in which the Company will invest receive annual management fees which are currently 0.75 per cent or 1 per cent (plus VAT) of the funds invested in those trusts.

Roundings

After the initial issue of Shares the offer price of Shares issued will be rounded up and the bid price of Shares redeemed will be rounded down to the nearest one-tenth of one penny. Any benefit from these roundings will be retained by the Manager.

Directors

Mr. W. R. Stuttaford, aged 56, is Chairman of the Company, Chairman of Framlington Group plc, and Chairman of Framlington Unit Management Limited which manages the unit trusts in which the Company may invest. He has been a member of The Stock Exchange since 1960 and has had over 25 years experience of investment management.

Mr. J. G. J. Evett, aged 53, has been Managing Director of Barfield Bank & Trust Co. Limited since 1979 and has been engaged in the provision of banking services since 1949.

Mr. P. P. Walsh, aged 39, has been a Director of Barfield Bank & Trust Co. Limited since 1981 and has been engaged in the provision of offshore financial services since 1968.

It is intended that the post of Chairman of the Company will always be filled by an executive Director of Framlington Unit Management Limited.

Management and administration

Framlington Overseas Fund Management Limited ("the Manager") has been appointed to manage the business of the Company subject to the control of the Directors.

The Manager is a wholly-owned subsidiary of Framlington Group plc. The Directors of the Manager are Mr. W. R. Stuttaford (Chairman), Mr. N. T. Carey and Mr. J. G. J. Evett. Mr. Stuttaford and Mr. Evett are also Directors of the Company.

THE FRAMLINGTON UNIT TRUSTS

Since the first Framlington unit trust was authorised in 1969, the Framlington Group has built up a reputation for investment performance. Framlington Unit Management Limited, a wholly owned subsidiary of Framlington Group plc, currently manages the ten authorised unit trusts listed below. Framlington Managed Portfolio Limited may invest in any of these together with any additional authorised Framlington unit trusts which may be launched in the future.

TRUST	INVESTMENT OBJECTIVE	* GROWTH RATE
Capital Trust (launched Jan 1969)	aims to combine capital growth with an average yield by investing mainly in small UK growth companies	14.9% pa
Income Trust (launched Dec 1971)	seeks to achieve a higher than average income, together with growth of both income and capital	12.4% pa
International Growth Fund (launched Oct 1976)	is invested worldwide purely for capital growth	28.4% pa
American & General Fund (launched Apr 1978)	aims to invest for capital growth exclusively in the United States of America and Canada	19.4% pa
American Turnaround Fund (launched Oct 1979)	is invested in North American recovery situations with capital growth as the objective	23.8% pa
Extra Income Trust (launched Feb 1980)	the investment objective is similar to that of Income Trust, but aims to achieve a slightly higher yield	17.2% pa
Convertible & Gilt Trust (launched Feb 1981)	by investing in convertible loan stocks and government securities the aim is to combine high income with growth of capital	11.1% pa
Recovery Trust (launched Apr 1982)	aims for maximum capital growth by investing in recovery situations in the UK and overseas	22.0% pa
Japan & General Fund (launched Feb 1984)	seeks to achieve maximum growth of capital from investment in the Far East with the emphasis on Japan	8.3% pa
Monthly Income Fund (launched Oct 1984)	aims to achieve a yield about 50% above that of the FT All-Share Index, coupled with long-term growth of both income and capital	23.8% pa

*The Growth Rate shown is the annual average *compound* growth in the offer price from launch to 1st October 1985. It does *not* take any reinvestment of income into account.

The funds in bold type are those selected for initial investment by the Company, although investment may be made in any of the other funds if market circumstances are appropriate.

The administration of the Company will be carried out on behalf of the Manager by Barfield Bank & Trust Co. Limited ("Barfield"). Barfield has also been appointed Secretary and Registrar of the Company and will in addition act as Bankers to the Company and Custodian of its assets. Particulars of the agreements with Barfield, with which the Framlington Group has no shareholding or management connections, are set out in paragraph H of *General Information* below.

Procedure for subscription

For the initial offer, the procedure for application is set out above. After the close of the initial offer, Shares may be subscribed for on any dealing day at the offer price prevailing when instructions are accepted and upon the terms of the then current Prospectus.

Commission of 3 per cent is payable to banks, solicitors, accountants, stockbrokers, insurance brokers, financial advisers or other approved agents.

Procedure for redemption and transfer

Shares may be redeemed on any dealing day at the bid price prevailing when instructions are accepted. The proceeds, in Sterling, will normally be sent within seven days of receipt of the relevant Share certificate with the redemption form duly completed.

Shares may be transferred by common form of transfer.

Dealing and valuation days

Dealing days are normally any days on which banks in Guernsey and The Stock Exchange in London are open for business. Valuation days are normally the business days preceding the relevant dealing days.

The Manager may if necessary temporarily suspend dealings in order to revalue Shares to take account of any changes in the value of the underlying assets or if for any reason their value cannot be ascertained.

Publication of prices

Prices will be published daily in the Offshore and Overseas funds section of the Financial Times, London.

Reports and accounts

The financial year of the Company will end on 30th September each year, commencing 30th September 1986. Copies of the audited accounts of the Company will be sent to shareholders once a year, together with a report of the progress of the Company's investments. Shareholders will also receive half yearly interim reports.

Taxation

The Company has been granted exemption from income tax in Guernsey pursuant to the Income Tax (Exempted Companies and Trusts) (Guernsey) Ordinance 1984. The Directors intend to ensure that the Company retains such exempt status. The fee payable for such exemption is currently £1,300 per annum. Guernsey does not levy taxes on capital, inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties. No stamp duty is levied in Guernsey on transfer or redemption of Shares.

Shareholders who are liable to UK taxation may be liable to UK income tax or corporation tax on income in respect of dividends paid by the Company. No credit will be available by reference to the UK advance corporation tax paid by the authorised unit trusts in respect of distributions to the Company.

The Directors intend to manage the Company so that it will qualify for "distributor status" under UK tax legislation. Assuming it does so qualify, gains realised by those shareholders who are liable to UK taxation on disposals or redemptions of Shares will be treated for tax purposes as capital gains, and not as income (which would be the case if the Company did not so qualify).

The attention of individuals ordinarily resident in the UK is drawn to Section 478 of the Income and Corporation Taxes Act 1970 (the "Act") and Section 45 of the Finance Act 1981 which may, in certain circumstances, render them liable to UK taxation in respect of any undistributed income or profits of the Company. The Board of Inland Revenue has given clearance under Section 464 of the Act (cancellation of tax advantages from certain transactions in securities) in respect of the issue, redemption and transfer of Shares.

The above is based on the law and practice currently applying in Guernsey and the UK and is subject to change. Investors should consult their professional advisers on the possible tax consequences of buying, holding, selling or redeeming Shares under the laws of their country of citizenship, residence or domicile.

GENERAL INFORMATION

A. Share Capital and Rights

The authorised share capital of the Company is £400,100 divided into 100 Management Shares of £1 each and 40,000,000 Unclassified Shares of 1p each. The Unclassified Shares may be issued as Participating Redeemable Preference Shares or, when Participating Redeemable Preference Shares are redeemed, as Nominal Shares. The issued share capital of the Company at the date of this Prospectus is £100 in 100 Management Shares of £1 each, fully paid.

The Board is authorised pursuant to the Articles of Association of the Company ("the Articles") to allot the whole of the unissued share capital.

All shareholdings in the Company will be in registered form.

Management Shares. All the Management Shares (which were issued for cash at par on 11th October 1985) are beneficially owned by the Manager.

The Management Shares do not carry any right to dividends and, in a winding-up, rank only for a return of paid-up capital (after the return of capital paid up on Participating Redeemable Preference and Nominal Shares). Each holder of Management Shares is entitled, on a show of hands, to one vote, and, on a poll, to one vote for each share held. The Management Shares are not redeemable.

Participating Redeemable Preference Shares. These carry a right to all dividends approved by the Company in general meeting or declared by the Directors. Each holder of Shares is entitled, on a show of hands, to one vote, and, on a poll, to one vote for each share held. In a winding-up, each Share has a preferential right to a return of paid-up capital and a right to share in surplus assets after the return of capital paid-up on Nominal and Management Shares.

The Company has the right to redeem all outstanding Participating Redeemable Preference Shares if at any time after the fifth anniversary of the date of the Company's incorporation the value of its net assets for 26 consecutive weeks is less than £5,000,000. In addition, all Participating Redeemable Preference Shares not previously redeemed will be redeemed by the Company at the price ruling on 31st December 2085 or the next business day.

Nominal Shares. The Nominal Shares may only be issued and redeemed at par and only for the purpose of providing funds for the repayment of the nominal amount of Shares redeemed. Nominal Shares may be converted into Shares by the Manager for sale to investors. Nominal Shares carry no right to dividend. In a winding-up, they only have the right to repayment of paid-up capital in priority to repayment of capital paid-up on the Management Shares. The holder of Nominal Shares is entitled, on a show of hands, to one vote, and, on a poll, to one vote irrespective of the number of Nominal Shares held.

Variation of Shareholders' Rights. The special rights attached to any class of shares in the Company may be varied with the written consent of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of such class by a majority of three-fourths of the votes cast at such meeting. The rights attached to the Shares shall be deemed to be varied by any variation of the rights attached to shares of any other class or by the creation or issue of any share other than Shares ranking pari passu with them as respects rights to dividend or in a winding-up or reduction of capital. Save as aforesaid, the special rights conferred on the holders of any shares issued with preferred or other special rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by the creation or issue of further shares ranking in any respect pari passu therewith.

B. Guernsey Residents and other persons subject to disqualification

The Articles provide that the allotment of Shares shall be conditional upon the applicant giving such declarations as to status, residence and otherwise as the Directors may from time to time determine and also that if it shall come to the notice of the Manager that any Shares are owned directly or beneficially by any person so as to threaten a financial or tax disadvantage to the Company the Manager may give notice to such person requiring him to transfer such Shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption of such Shares. One of the conditions attached to the grant of exemption from Guernsey Income Tax is that no Shares shall be held by Guernsey residents (other than the Manager) or by any person as nominee or trustee for Guernsey residents. The Directors have accordingly resolved that all applicants for Shares shall be required to make a declaration that they are not resident within the Bailiwick of Guernsey for Income Tax purposes and will not be holding the Shares for any person who is so resident.

C. Valuation of Net Assets

The Articles contain provisions relating to the determination of the net asset value of the Company as follows:

1. The value of the net assets shall be determined by the Directors as at each valuation day and on such other occasions as the Directors may direct.
2. The value of the units of any unit trust shall be the last offer price calculated for dealing by the managers thereof (less 5 per cent) when the value of the net assets is being calculated for the purpose of computing the price at which Shares are to be issued, and the last bid price calculated for dealing by such managers when the value of net assets is being calculated for the purpose of computing the price at which Shares are to be redeemed.

D. Offer and Bid Prices of Shares

Offer Price of Shares. The Articles contain, *inter alia*, provisions to the effect that the offer price of each Share issued after the initial issue shall be not less than a sum calculated by:–

(a) ascertaining the value of the net assets as at the relevant valuation day;
(b) adding thereto such sum as the Directors may consider represents the appropriate provision for Duties and Charges (as defined in the Articles) which would have been incurred on the assumption that all the investments held by the Company on the relevant valuation day had been purchased at prices equal to their respective values on such day and deducting therefrom the paid up capital on the Management Shares and the Nominal Shares, if any, of the Company in issue; and
(c) dividing the resulting sum by the number of Shares then in issue and deemed to be in issue.

The Articles provide that the offer price per Share calculated as above may be increased by an initial charge payable to the Manager not exceeding an amount equal to 5 per cent of the current offer price plus the amount (if any) required to round up to the nearest one tenth of one penny the total of the offer price and the initial charge.

Bid Price of Shares. The Articles contain, *inter alia*, provisions to the effect that the bid price of each Share shall be the sum of the nominal value of the Share and a premium of an amount calculated by:–

(a) ascertaining the value of the net assets as at the relevant valuation day;
(b) deducting therefrom the paid up capital on the Management Shares and Nominal Shares, if any, of the Company in issue plus such sum as the Directors may consider represents the appropriate allowance for Duties and Charges (as defined in the Articles) in relation to the realisation of all the investments held by the Company on the relevant valuation day on the assumption that such investments had been realised at prices equal to their respective values on such day;
(c) dividing the resulting sum by the number of Shares then in issue and deemed to be in issue; and
(d) deducting from the resulting quotient the nominal value of a Share.

The bid price is then rounded down to the nearest one tenth of one penny, the benefit of such rounding being retained by the Manager.

The Manager has the right to purchase Shares offered for redemption at a price not less than the prevailing bid price and to sell shares at a price not exceeding the prevailing offer price.

E. Unclaimed Dividends

The Articles provide that in the event of dividends remaining unclaimed for any period exceeding 12 years they shall become forfeit and revert to the Company.

F. Directors

The Articles contain provisions relating to the Directors to the following effect:–

1. There is no share qualification or age limit for Directors and no provision for Directors to retire by rotation. A Director may be removed at any time by ordinary resolution of the Company in General Meeting.
2. A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as the Directors may determine. A Director may not normally vote in respect of any contract, proposal or arrangement in which he is materially interested but shall not be disqualified by his office from contracting with the Company. However (in the absence of some other material interest) a Director is permitted to vote in respect of any proposal concerning any other company in which he is interested directly or indirectly provided that he is not the holder of or beneficially interested in 1 per cent or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company.
3. The Directors will be entitled to receive by way of fees such sum as the Company in general meeting shall from time to time determine, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Directors may agree and failing agreement equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the fees are paid will only rank in such division in proportion to the time during such period for which he has held office. The Directors may also be reimbursed for expenses incurred in connection with the business of the Company and may receive remuneration for special services.
4. The Directors may exercise the powers of the Company to borrow but borrowings of the Company and its subsidiaries shall not (except with the consent of shareholders of the Company in general meeting) exceed the aggregate of share capital and consolidated reserves as defined in the Articles or, prior to the date on which the first accounts are audited, £500,000.

G. Accountants' Report

The following is a copy of a Report addressed to the Directors of the Company by Deloitte Haskins & Sells, the auditors of the Company:–

The Directors
Framlington Managed Portfolio Limited,
Barfield House,
St. Julian's Avenue, St. Peter Port,
Guernsey,
Channel Islands.

Albert House,
South Esplanade,
St. Peter Port,
Guernsey,
Channel Islands.

11th October 1985

Dear Sirs,

Framlington Managed Portfolio Limited ("the Company") was incorporated on 3rd October 1985. The Company has not yet commenced business and accordingly no accounts have been made up and no dividends have been paid.

Yours faithfully,
Deloitte Haskins & Sells
Chartered Accountants.

H. Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into since the date of incorporation of the Company and are or may be material:– [illegible]

I. Miscellaneous

[illegible]

... any particular class of applicant at a discount to the ... or offer additional Shares to such applicants by ...us, the amount of the discount or the cost of the ...res being at the expense of the Manager, no ...ns, discounts, brokerages or other special terms ... or are proposed to be granted in connection with ...r sale of any share or loan capital of the Company. ... of the Company is under option or is agreed ...ly or unconditionally to be put under option. None ...ctors is beneficially or non-beneficially interested in ... share capital of the Company. Save for the ... holding of 100 Management Shares mentioned in ...A above, the Directors are not aware of any person ...(directly or indirectly) in 5 per cent or more of any ... Company's share capital. [illegible]

... or given (or is intended to be paid or given) to any promoter and no Director has or has had any interest, direct or indirect, in the promotion of the Company or in any assets which have been or are proposed to be acquired or disposed of by or leased to or by the Company or in any transaction effected by the Company up to the date of this Prospectus which is or was unusual in its nature or conditions or significant in relation to the business of the Company.

16. Under the Articles no dividend will be payable out of any funds representing a surplus over book value derived from the sale or realisation of any capital asset or out of funds representing accretions to capital assets of the Company.
17. The Directors may operate an Equalisation Procedure under the Articles if they consider this to be desirable in order to prevent the dividend yield on Shares from being affected by issues or redemptions.
18. The trust deeds constituting each of the authorised unit trusts currently managed by Framlington Unit Management Limited contain provisions to the effect that no investment may be made which would result, inter alia, in: (a) the value of the trust's holding of investments in any one company exceeding 5 per cent of the assets of the trust immediately after such investment has been made (7½ per cent in respect of the holding of investments in not more than six companies provided certain other conditions are met) or (b) the nominal amount of the trust's holding of an investment in any class of shares or stock in any company exceeding 10 per cent of the total nominal amount of all the issued shares or stock of that class immediately after such investment has been made.
19. Deloitte Haskins & Sells have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their Report in the form and context in which it is included.
20. The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in England and Wales for registration were the material contracts referred to in paragraph H above and the consent of Deloitte Haskins & Sells, Chartered Accountants.

J. Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of Barfield Bank & Trust Co. Limited, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands and of Norton, Rose, Botterell & Roche, Kempson House, Camomile Street, London EC3A 7AN, during usual business hours until 6th November 1985—

(i) the material contracts referred to in paragraph H above;
(ii) the Memorandum and Articles of Association of the Company and the Manager;
(iii) the Companies (Guernsey) Laws 1908 to 1973 under which the Company was incorporated;
(iv) the report and consent of Deloitte Haskins & Sells, Chartered Accountants.

14th October 1985

A P P L I C A T I O N   F O R M

Applications should be sent to Framlington Overseas Fund Management Limited, PO Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, C.I. to arrive not later than 5.00 pm on 5th November 1985.

FRAMLINGTON MANAGED PORTFOLIO LIMITED

Issue of up to 40,000,000 Participating Redeemable Preference Shares ("Shares") at 50p each, payable in full on application.

To: Framlington Managed Portfolio Limited ("the Company").

I/We wish to subscribe for Shares in the Company to the value of

£ ______ (minimum £500) at the initial issue price of 50p per share and enclose a remittance made payable to **Framlington Overseas Fund Management Limited.**

I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted upon the terms of the Prospectus dated 14th October 1985 and the Memorandum and Articles of Association of the Company.

I/We declare that I am/we are not resident in the Bailiwick of Guernsey for the purpose of liability to Guernsey income tax and that I am/we are not acquiring the Shares as nominee(s) or trustee(s) of any person(s) so resident and that I/We undertake to inform the Company of any change in my/our status in this respect.

☐ Please supply me/us with a form of mandate providing for dividends to be reinvested in further shares by Barfield Nominees Limited on my/our behalf. (Tick box if you require dividends to be reinvested. If you do not tick the box dividends will be paid to you in cash.)

Surname (Mr./Mrs./Miss/Title) ....

Full forenames ....

Address ....

....

....

....

Signature ....

Date ....

(In the case of joint applicants, all must sign and enclose details separately.)

Agent's Stamp

THE ARTS

London Galleries/William Packer

Coming down to earth

With the Academy full of German *expressionism, and* figurative expressionism everywhere resurgent in the name of *post-modernism, it is* as well *to* remember that painting is painting and that an artist whose development has been slow and serious may well have rather more to offer than the young meteor up the road. And Cork Street, for once, points the moral with a perfect nicety.

Gillian Ayres (at Knoedler until November 9) is established in mid-career and at last gaining the reputation she has long deserved, which is reassuring, for she is a very fine painter. She works large in a dense and lush impasto that, though it clots and encrusts the surface still, is controlled with *an ever lighter and defter touch.* Hers is a romantic and abstract expressionism that in recent years has been teasing its way towards what is not so much a description as a suggestion of form and space: now the open, light and airy space of landscape, now the closer space of the studio interior and the still life.

There is an opposition in painting between the image itself, of whatever kind, and the manner of its practical achievement which must be resolved somehow and held in balance for the work to be whole. It is a peculiar property of painting that this should be possible, and Miss Ayres succeeds in it with a wonderful panache. The paint, thick as it is, is now applied in a more free and open surface; and it is by a kind of magic that the mark we may *choose at first to see only* as a quick serpentine flick of the brush and wrist then begins to come and go, alive against the surface in a palpable, credible pictorial space, and at last, by cumulative suggestion and association, conjures up a true sense of place, and indeed the private landscapes of North Wales.

*

The contrast with Julian Schnabel (at Waddington until October 26) could not be more pointed. Where there is no respect for the nature or quality of the marks made, then painting becomes a pointless exercise in image-making: and when the image is disregarded, it is mere self-indulgent therapy. *To offend in either* way is to offend against a legitimate expectation of the work; and it is Mr Schnabel's singular achievement to offend on both counts.

His paintings, large expanses *usually of linoleum and often* augmented with sacking or fibreglass as a support for the pigment, and further embellished with broken crockery (discarded, victimised material, we are told, that is cured by its *incorporation) are quite* uncorrupted by finesse, discretion or painterly judgment. Thus we are thrown on to the images themselves, vague figures, signs and totem, for whatever powers they might exercise over the imagination: and the extraordinary thing is that they too are possessed of a quite stunning banality, crudely stated and empty of interest."

But Mr Schnabel is not the only young painter today who *is persuaded that to raise* vapidity to significance it is enough to make a perfunctory *statement of a simple image on* the largest scale. He has been told he is an artist, however, and he believes it; and it is only fair to say that the great museums and collections of the world clamour for his work, and a considerable critical edifice, or palisade, has been put up in his defence. "Schnabel has made the image an abyss into which one dizzily peers to see one's soul, in all its elegant *obscurity:"* thus Mr Donald Kusprit in the elegant catalogue, and I think I know what he means.

*

Eric Rimmington's latest still life paintings and topographical drawings next door (the Mercury Gallery until October 26) come therefore as some*thing of a relief, and a salutary* reminder besides that to paint quietly and modestly within a given convention is not necessarily unambitious. He is a type of artist too common in this country only in that he has given too much of his mature career to teaching, and the opportunity we have to see his work at regular intervals is no less welcome for coming late. The paintings are the better for being more straightforward now, as the surface interest of familiar tins and packaging has given way to the *more general familiarity and* formal simplicity of jugs and pots and enamel bowls. But a certain teasing cerebration does creep in occasionally: the charcoal study for the still life forming the backdrop to the tableau itself in one painting, and that painting itself the backdrop in the next.

*

Across the road (at Nicola Jacobs until October 26) is the work of Adrian Wiszniewski, a young painter from Glasgow who by contrast, barely two years out of college, has come far and fast on the back of his confident and idiosyncratic expressionism. He paints large, romantic compositions in which young men and women inhabit curiously schematised spaces, *convincing yet unspecific, in an* ideal world, dreaming together in the garden, or by the window, or by candlelight. The statement is energetic yet unaggressive, and always charming, but it is insistent, and there is a dangerous point at which personality slips into easy mannerism.

*

At the National Portrait Gallery, a painting by another young artist from Glasgow has just entered the collection. Rosemary Beaton won the John *Player Portrait Award in 1984* and her commission, that was part of her prize, was to paint the portrait of Sir Robin Day. There he is to the life, an admirably confident and assured image, as lively and direct in its handling as we must now expect of this brave new school of Scotch expressionists.

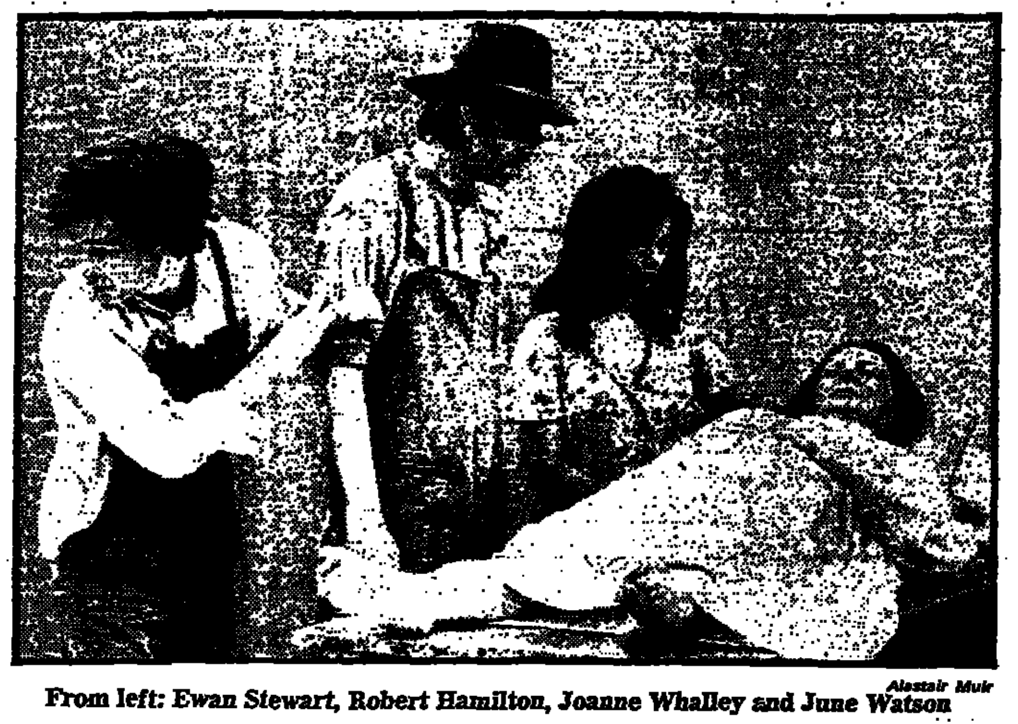
Portrait of Sir Robin Day by Rosemary Beaton

Obituary/Emil Gilels

Max Loppert

Emil Gilels, who died on Tuesday, shortly before his 69th birthday, shared with Sviatoslav Richter the distinction of being acclaimed the leading Russian pianist of the day, and of being assured a place among the handful of the world's elect. He first made an impact on the West by winning the 1938 Ysaye prize in Brussels; but war interrupted the further stages of his international progress, and it was not until 1947 that he played outside the USSR for the first time (reaching the U.S. in 1955, and *Britain in 1959). In later* years Gilels became the most frequent visitor among Soviet performers; in London, his Festival Hall recitals were prized events that occurred with reasonable regularity.

It was as a *leonine virtuoso,* of enormous physical command and the most remarkable natural aptitude for the instrument, that Gilels first made his mark. The bravura and excitement of his performances were in the earlier decades of his career not always matched by *an equivalent amount of inner* strength and fire. But these were qualities that Gilels was to develop, steadily and continuously; and while there was little loss of the power, immediacy, and beauty of his *playing, it became impossible* to deny his performances their intense seriousness. No one who heard the Gilels account of the Hammerklavier Sonata, at the Festival Hall a year or so ago, is ever likely to forget it.



Alastair Muir

From left: *Ewan Stewart,* Robert Hamilton, *Joanne Whalley* and *June Watson*

As I Lay Dying/Cottesloe

Michael Coveney

Several planks and a passion are the key to this startling National Theatre adaptation by Peter Gill of William Faulkner's 1930 novel. Addie Bundren lies dead and dying on a tilted table while her husband and children prepare to remove her corpse, as promised, to the town she came from. *This is* the fictional Faulkner territory of Yoknapatawpha, the rustic northern Mississippian hill country of the novelist's background.

Gill and his designer, Alison Chitty, make fresh imaginative use, thank God, of their familiar bare boards policy. Oldest son Cash is painstakingly construct*ing his* mother's coffin for much of the book. Here the planks encroach on Addie from the floor, lean casually among shavings to the side of the stage and are even nailed graphically to daubs of blue sky. The actors are grouped in frozen friezes around the table. One by one they emerge to set the narrative —and the passion — in motion.

The book is a still challenging assemblage of 59 interior *monologues during* which the four boys and the one daughter, 17-year-old Dewey Dell (Joanne Whalley), jostle for position and favour as Addie's corpse is transported on a perilous cross country journey to Faulkner's "Jefferson." Dewey Dell is pregnant and Jefferson holds promise of abortive medicine. The second son, Darl, is jealous of Addie's devotion to the third boy, Jewel. As played by Daniel Webb and Stephen Petcher, *this* ferociously interlocked sibling rivalry in the shadow of a contested mother echoes Gill's best play *Small Change.* It does not seem to matter that, in Faulkner, there is 10 years of age between them.

Gill's precious groupings are held powerfully, daringly, until the actors break free in various physical combinations. Sometimes this comes from within the family circle, as *when June Watson's wonder*fully half-ghost Addie arises eerily on her left elbow to shout at her coffin-boffin son, or when the dangers of the river with the levee at its height are conveyed simply by four actors clasping wrists in a human chain. The dark land of Faulkner's noiseless speech *is ever present, brought sharply* into focus with Miss Watson's recollection that her father had said that "the reason for living is to get ready to stay dead."

I am surprised, therefore, that Darl is denied the most extraordinary speech in the book, that about emptying himself before sleep, as it is crucial to his temperamental animosity towards Jewel. But the centripetal energy of the book's structure is beautifully caught in the staging and reinforced by the presence of an inside outsider, Gillian Barge's righteously analytical dunder head Cora Tull, and by the impinging sanely comprehensible buffers of Paul Imbusch's doctor and James Hayes's chemist.

The play is difficult to follow, as the book is difficult to read. But it is worth the effort and, like the best of all Peter Gill's work, it is instinct with gestural *scrupulousness and* a *sort* of throbbing, humorless integrity. Faulkner's jocularity, anyway, was never seen to best advantage in this novel, but I feel it a shame that we end on a reverse filial *pietà* rather than on the news that old Bundren (Robert Hamilton) finds not only a new wife, but also new teeth, *as his grim mission is* accomplished. The adaptation, for all its merits, is more concerned with mothers and sons than with Faulkner's wild descriptive landscape.

Ritual/Donmar Warehouse

Martin Hoyle

Barzey works at a youth centre. Quite who funds it is unclear since his pay cheques bounce and his girlfriend bitterly recalls that any involvement with black enterprise is usually fruitless. Barzey is black, as is Yvonne; but the most interesting *feature of Edgar White's play* (familiar from radio) is the host of incidental details of black life in this country: the contempt felt for Jamaicans by other West Indians ("They're a race apart—they're mad") and the resentment towards the prosperous generation back home. "People I wouldn't even *bother to spit on,"* as *Yvonne's* sister puts it, do well now. "We missed the gravy train of the Sixties," is the embittered cry of those feeling excluded from both English and their own society.

The acquisitive Sybil also despises her white husband's East End background. This generally competitive atmosphere marks the middle-class territory of Mr White's blacks. The women have their eyes *on* law degrees, the men talk of sociology as a way out. The first night was attended by the Leader of the Opposition.

Mr White's besetting sins in such plays as *The Boot Dance* and *Redemption Song* have included an almost solipsistic contempt for the British society he apparently makes no attempt to understand and a fatal tendency to poetic flights of fancy. Both are present here, but to a lesser degree. The ghost of Barzey's one-*legged Uncle Charles who* appears only to his nephew in a green light is made tolerable by Calvin Simpson's authoritative presence; and Mr White has broadened his grasp of British society by including a white epileptic among the dead beats at the youth club. As in *Redemption Song* he reels off *place-names as a substitute for* knowledge; Holloway and Finsbury Park mark his limits. One suspects he has never heard of Kirkcaldy or the Cotswolds; but generalises in a revolutionary sort of way, none the less.

The play eventually fragments into set-pieces, notably one youth's description of his arrest and beating by the police—beautifully stylised movements from Sylvester Williams and a thrilling drum accompaniment from Lenny Edwards rightly prompted applause. Some spurious-sounding philosophy ("If you're smart enough to steal you're smart enough to lead") leads to Barzey teaching his charges political slogans: a *surprise, since Ingram Hood has* ambled through the part in almost unctuous amiability. *Still, Gordon Case's production* for Black Theatre Co-Operative does the play more than justice. Fine performances from Ellen Thomas (Yvonne), Joy Lemoine (the suburban Sybil) and David Keys (touching as the white tearaway). At one point I noticed a reference to the Brixton riots on the paper our hero *reads and felt the whole exer*cise was slightly irrelevant. Did I mention the Leader of the Opposition was there?

Film director's first stage play

British film director Mike Hodges' first stage play will have its world premiere at the Lyric Theatre, Hammersmith on October 29.

Called *Soft Shoe Shuffle,* it is a black comedy in the Joe Orton mould, directed by Peter James and with Frances Tomelty leading the cast. It is a co-production with the Leicester Haymarket Theatre.

Mark Morris/The Place

Clement Crisp

Mark Morris, who began last *year's* Dance Umbrella season in brilliant fashion, is returned this year with a new programme The effects are somewhat less exhilarating, in that Mr Morris's procedures—the fantasticated illustration of song texts—are again the armature of most of his dances, but still rewarding in the boldness of the images and the strength of the dance itself. The music veers, as before, between the classic—Beethoven, *Boc*cherini, Handel—and the horrifically pop, but Mr Morris's *reaction is as lively as before.* The gem of the evening is a solo which he dances to the Jealousy chorus from Handel's *Hercules,* where poses and physical contortion have an expressionistic bravura and cutting theatrical edge.

Equally potent, though on very different terms, is *Lovey,* which explores the desperate sexuality and anger of a group of songs by The Violent Femmes, rock and folk narrations which spark off a sequence of frantic dances in which dolls are used and abused as sex objects. The force with which a disturbed and hopeless generation is brought to life speaks of a sure dramatic gift, and the performances by Penny Hutchinson, Tina Fehlandt, Donald Mouton and Guillermo Resto are terrifyingly true.

Elsewhere jokes abound. Mark Morris, in an improbable frock, and Donald Mouton as a partly dressed GI, drive unerringly through sentimental and mock-religious ballads with *machete* blows of satiric gesture. Tina Fehlandt and Penny Hutchinson mock balletic convention to a Beethoven duet for two flutes, and Guillermo Resto capers, loose-limbed, as some dire Rumanian folk songs go their winsome way. The one non-narrative item in a short programme is a dance for two couples to a Boccherini guitar quartet movement: here the choreography can find no real *sustenance* in the musical text.

But Mr Morris is an original, not least in his taste for expressionism, and his dances enhance his performers: would that one could say the same for more of the Umbrella offerings.

Lontano Ensemble/St John's

Paul Driver

The Lontano Ensemble's new *series of concerts* featuring music by composers from the North and South American continents began on Tuesday at St John's, Smith Square, with a programme that immediately cast some doubt on the enter*prise,* since the most impressive and satisfying item—Judith Weir's *The Consolations of Scholarship*—hails from these islands, while the large-scale American item—Roger Reynold's *Transfigured Wind III*—was a flop.

The other works, both North American, were of modest pretensions, and attractively brought off. Samuel Barber's *Summer Music,* a singularly *grateful piece of writing* for wind quintet, made a mellifluous, pert overture. Paul Lansky's *As If,* four movements for string trio and computer-synthesised tape, wittily combined live and electronic sound images—the decorous trio is teased by the tape's reference to such unmannerly musical activities as *tuning up,* violin practice and swing band sessions.

The Reynolds composition gave solo flautist Ingrid Culliford opportunity to display great accomplishment, but the ensemble's commentaries on the material — itself of no particular compelling force — which the soloist "proposes" to it were a jumble of modernist clichés, and the additional contribution of synthesised flute-sound on tape was hardly enlivening. The piece was long and pretentious, and the most it could be said to have expressed was a sense of strain.

Whereas the work by Judith Weir with its light touch, vivid story-telling and disdain for the portentous and obscure snapped the concert into a new kind of life. *The Consolations of Scholarship* is another of those musicalised narratives or transposed operas that Weir has made her metier. A singer-narrator (Linda Hirst), assuming different voices, takes us through the two acts and 10 scenes of an invisible opera depicting amusing events in ancient China, as originally set down in the Yuan drama. The instrumental accompaniment is discreet, remarkably effective, with a hint of Chinoiserie and a great deal of rhythmic crispness. Odaline de la Martinez conducted an enjoyable performance.

Phedra/Aldwych

Martin Hoyle

The British have an inbuilt disrespect for rhyming couplets. It stems not merely from our pantomime tradition but a down-to-earth relish of the anti-climax, the wind-oozing deflation of the pretentions. English versions of the French classic theatre must surmount this *obstacle.* Sometimes they lumber themselves with a counter-irritant like a 19th-century setting in the Raj (no joke; the National's *Phaedra Britannica* alternately tickled and exasperated in such a production ten years ago).

Philip Prowse's treatment of Robert David Macdonald's *translation* of the same play, Racine's *Phèdre,* was greeted enthusiastically by Michael Coveney at the Old Vic last November and has now reopened at the Aldwych. It confronts the theatricality of the form head-on. Full 18th century fig predominates with the token classical drapery *worn obliquely* like a sash. Drapery, heavy gold, dominates Mr Prowse's set, too; and chains, which we initially take *for the* inescapable snares of Venus's curse, *à sa proie attachée,* the visual counterpart of the murmur and birdcalls of Neptune, the tragedy's other destructive divinity.

*The chains are in fact ulti*mately functional and help bring the house — literally — down, by which time Robert Eddison's beautifully modulated description of Hyppolitus's death over the smoking ruins, though competing with the season's first champion coughers, provides some of the most lyrical speaking of the performance.

Glenda Jackson's Phedra is a fit colleague for this mellifluous Theramenes. Every *student actor should listen to* this performance. From soft-grained bewilderment through fluting self-mockery and desperate wheedling to the resinous snarl or hollow groan of desperation, hers, is an extraordinary vocal technique. As ever it is at the service of fierce intelligence and unremitting intensity.

Georgina Hale's whey-faced Aricia, lips colourless as if she *were using authentic period* arsenic-based make-up, leaves one uncertain as to when the captive princess changes from Machiavellian schemer to the lover of Tim Woodward's eloquent, virtuous and never *over-pious Hyppolitus.* His wandering father returns with Gerard Murphy's grizzled and crop-headed robustness that threatens to erupt into an animal brutality. One or two unworthy rhymes apart (*neglects/necks*), the translation works, lithe and serviceable.

Saleroom/Antony Thorncroft

Letters of the Greats

Sales of autograph letters and manuscripts give a useful indication of *the posthumous* reputation of the dead and great. At Christies' yesterday the high esteem in which Mozart has been held in recent decades was confirmed with a price of £51,840 paid by the *London* dealer Terence Bryan for an autograph manuscript of a slight love song he penned *in 1787.*

In contrast a Beethoven letter of 1825, with references to his later works, *such* as the 9th Symphony, was sold to the German dealer Kunze for £28,080. Bach's signature on a document about beer taxes was valued at £12,960.

Sir Richard Attenborough paid £3,240 for Terrence Rattigan's autograph manuscript of "The Deep Blue Sea." *He had* presented it to Peggy Ashcroft who played the leading role, along with Kenneth More, in *this* 1952 *success.* Dame Peggy donated the manuscript in aid of the Combined Theatrical Charities Appeal Council.

Also of British interest was the corrected typescript of Agatha Christie's thriller "The Pale Horse," published in 1961: it sold on target at *£3,780. The Humberside Coun*cil acquired more than 300 letters by local girl Amy Johnson, *the aviator;* they cover her love affair with Hans Arregger.

Two *letters* by Karl Marx were bought by the dealers Pickering & Chatto for £12,960 while Riley-Smith gave £14,580 for 40 letters by John Stuart Mill to his German translator. A collection of documents and letters about the marriage of Leopold, the first king of the Belgians, and Charlotte, daughter of the Prince Regent, made £20,520.

Christie's also sold clocks, watches and marine chronometers, with an Austrian, or Swiss, Biedermeier ormulu mounted walnut and parquetry automaton table clock, with organ, selling to Julian Hartnell for £16,200 and *the British* Columbia Provincial Museum acquiring the marine chronometer, which *between* 1858-62 helped to determine the 49th parallel and the boundary between Canada and the U.S. for £5,400.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 11–Oct 17

Exhibitions

ITALY

Florence: *Museo di Storia della Scienza:* A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by *Durer,* Rembrandt and Japanese artists. Ends Jan 11.

Rome: Palazzo del Rettorato (Citta Universitaria) Piazzale Aldo Moro 5). The 'Sapienza' at the Citta Universitaria 1935–1985 and 1935-Artists at the university and the Question of the *Mural Painting. The first* mainly historical exhibition illustrates photographically the building (under Mussolini) and development of the university and its problems and possible future development. The second, a collection of paintings and drawings by some of the most important Italian artists of the period (De Chirico, Carra, Severini and Cagli) including *Mario Sironi's* preparatory studies for the frescoes in the Aula Magna. Ends Oct 31.

Milan: Palazzo Reale: "Kandisky in Paris" (1934-1944): This is the third and last of a series of exhibitions of Kandisky's work, organised by Thomas M. Messer. On show are over 200 hundred works: watercolours, oils and drawings, all produced during the last 10 years of Kandisky's life, as well as works by his Parisian contemporaries: Arp, Miró, Mon*drian and others. Until Nov 10.*

Venice: ca' rezzonico: Warsaw 1764–1830: From Bellotto to Chopin. *A vast exhibition in a splendid set*ting, organised by the Polish Ministry of Culture and the Italian Insti*tute in Warsaw: paintings, drawings,* architectural designs, jewellery and furniture lent by Polish museums, from a troubled, but highly creative, period of Warsaw's history. Ends Nov 20.

SPAIN

of Cubism Juan Gris (1887-1927) on loan by private collections and museums of Europe and the U.S. The exhibition offers for the first time in Spain and Europe a good assembly of Gris's best works. Biblioteca Na*cional,* Sala Picasso, *Paseo recoletos* 22. Until end of Dec.

Madrid, a selection of 162 XVIIIth century paintings including Ribera, Caravaggio, Luca Giordano, Vaccaro, Cavallino, Pretti, Caracciolo, Salvatore Rosa, Micco Spadero, Falcone, etc. *Palacio de Villahermosa,* Prado Museum. Until end of Dec.

PARIS

Sir Joshua Reynolds: The artist's first exhibition ever in France, organised *with the London Royal Academy* and British Council's aid. It follows the Gainsborough and Turner exhibitions. Grand Palais, from Oct 8 (2615410).

Medieval Art in Paris: The Abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman Baths. Now a museum, it houses *medieval* works of art: Goldsmiths' work, carved altarpieces, ivories, fabrics, with two *Englisch Royal standards embroid*ered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn mille fleurs tapestries – an allegory of the five senses, one of the masterpieces of medieval art. *Musée de Cluny, Place Paul-*Painlevé, Métro Odéon.

The fame of Victor Hugò. To mark the hundredth anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (2615410) Petit Palais adds to Hugo's celebrations an exhibition *Le* Soleil d'Encre consisting of more than 300 of the artist's drawings and 200 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (2651273)

WEST GERMANY

München, Villa Stuck, Prinzregentenstr. *60: A retrospective of the works of* Otto Dix with 472 oil paintings, aquarelles, graphics and drawings from between 1891-1969. It is the biggest assembly of his works ever. Ends Oct 27.

Essen, Villa Huegel, Auf dem Huegel: *Turkish* culture and art from the Osman Empire. 500 works ranging from the 15th-19th centuries. The *show includes glass, carpets,* ceramics, miniatures and weapons. Ends Oct 27.

Ludwigshafen, Wilhelm-Hack-Museum, Berliner Str. 23: "Apocalypse, a principle hope?" – To honour local philosopher Ernst Bloch, on the 100th anniversary of his birth, the museum will exhibit 400 illustrations depicting the end of the *world, ranging from the middle ages* to the 20th century. A book by Bloch, "Ein Prinzip Hoffnung," is the basis of this show. Among the artists are Dürer, William Blake, Arnulf Rainer, Markus Lüpertz, Jo*seph Beuys and Enzo Cucci.* Ends Nov 17.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1-2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 *objects* are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov.

BRUSSELS

Spanish Netherlands 1500-1700: Renaissance and Baroque, Flemish and Spanish painters – Velázquez, Rubens, Murillo, Van Dyck, El Greco. Palais des Beaux Arts. *Ends* Dec 22.

Picasso, Miró, Dali: Palais des Beaux Arts. Ends Dec 22.

Tapies, Chillida, López García: three contemporary artists. Müseè d'Art Moderne. Ends Dec 22.

Los Beatos: *20 illuminated manuscripts.* A IXth century commentary on the Apocalypse attributed to Asturian monk Beatus (circa 775 AD). Nassau Chapel, Royal Library. Ends Nov 30.

Los Iberes: Iberian Art from the pre-Roman period. Müseé Royale d'Art et Histoire. Ends Dec 22.

Opera costumes from 1959 to the pres*ent including Zeffirelli's Rigoletto,* Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

NETHERLANDS

Amsterdam, Stedelijk Museum: Posters illustrating the work of a new generation of Japanese designers and art directors. Ends Oct 27.

The Hague, Gemeentemuseum. A *glimpse* behind the scenes of 18th-century opera production, with prints, drawings and scale models illustrating set design, costumes, stage machinery, and the use of gesture to heighten the dramatic action. Ends Nov 10.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

VIENNA

Art From The Stone: *Art lithography* from its origins to the present. This exhibition shows the versatility of nearly 200 years of European lithography. Most artists seem to have had a try at drawing or painting "on the stone" – from Goya to Picasso, Delacroix to Chagall, Toulouse-Lautrec to Miro, Munch and Beckmann. The exhibition explains *how lithography began, how it is done, and* goes a long way to explain its continued fascination for artists. At the Albertina until December 8.

WASHINGTON

National Museum of American Art: 35 paintings by Alexander Hogue capture the American Southwest through *dustbowl* and prairie in highly stylised evocative works from the 1920s to the present. Ends Nov 3.

Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 46 works, primarily paintings, from 13 artists, including lesser known artists such as Carlo Bertocci and *Patrizia* Cantalupo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

NEW YORK

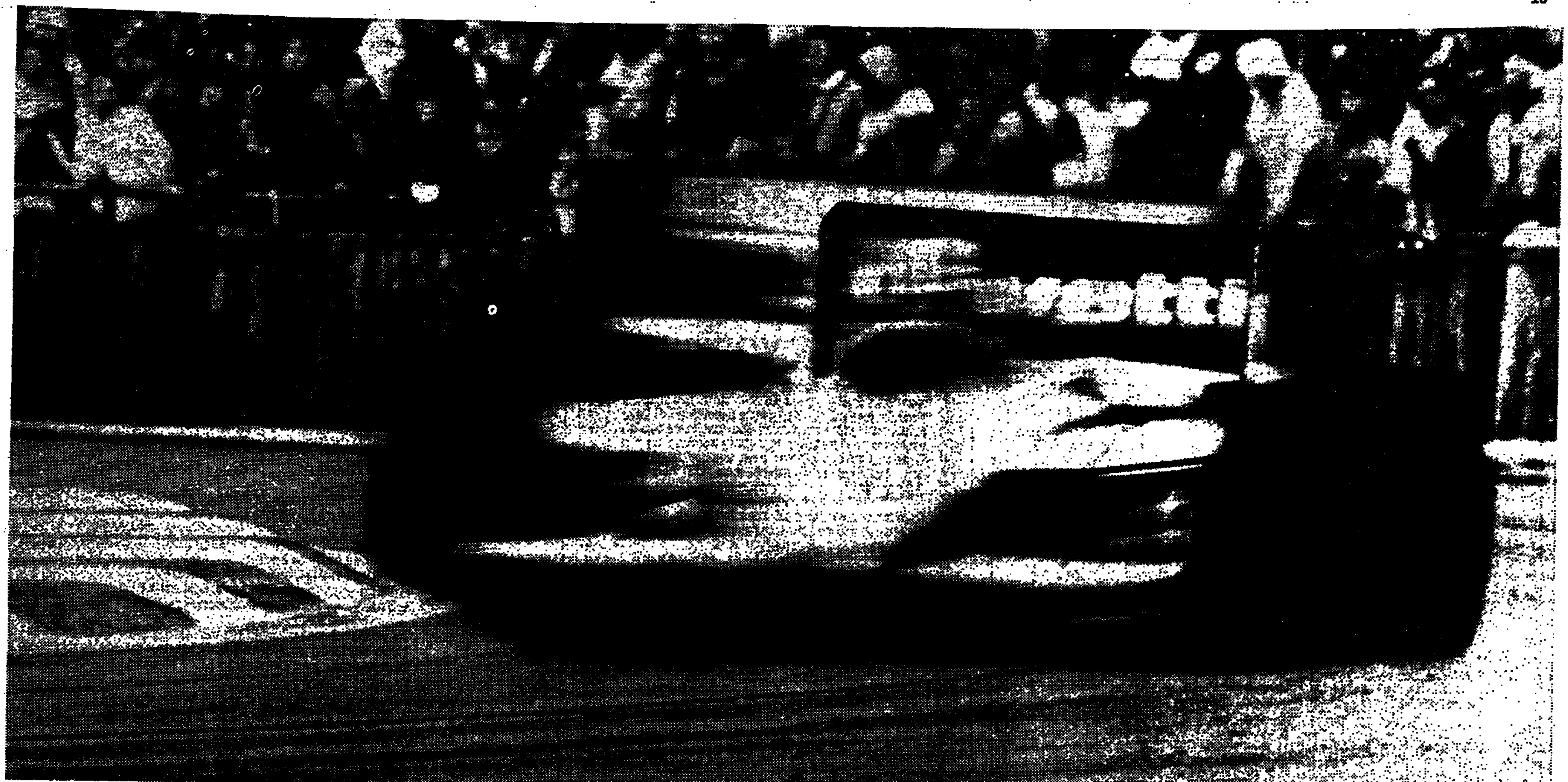
Baruch College Gallery: a collection of 19th-century French drawings and watercolours on tour from the Amsterdam Historical Museum presents a cross-section of the styles and themes of the period, from the veneration of the Napoleonic legend to exotic Orientalism and the Italian picturesque. Ends Nov 8.

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends Jan 5.

National Academy of Design: Culled from the larger Royal Academy exhibit, this view of Edward Lear's prolific career covers not only the famous illustrated limericks and verse but also landscapes and ornithological studies. Ends Nov 3.

Museum of Modern Art: Making generous use of the Riklis Collection of the McCrory Corporation this exhibit of geometric abstract art of the twentieth century entitled Contrasts of Form covers the Russian Constructivists and American Minimalists as well as cubism and Bauhaus.

Asia Society: Complementing the Metropolitan show, Akbar's India concentrates on the 49-year reign of the sixteenth-century Mughal emperor *who built Fatehpur-Sikri* and inspired the works represented here by 80 paintings as well as metal work, carpets, and *textiles.* Ends Jan 5.



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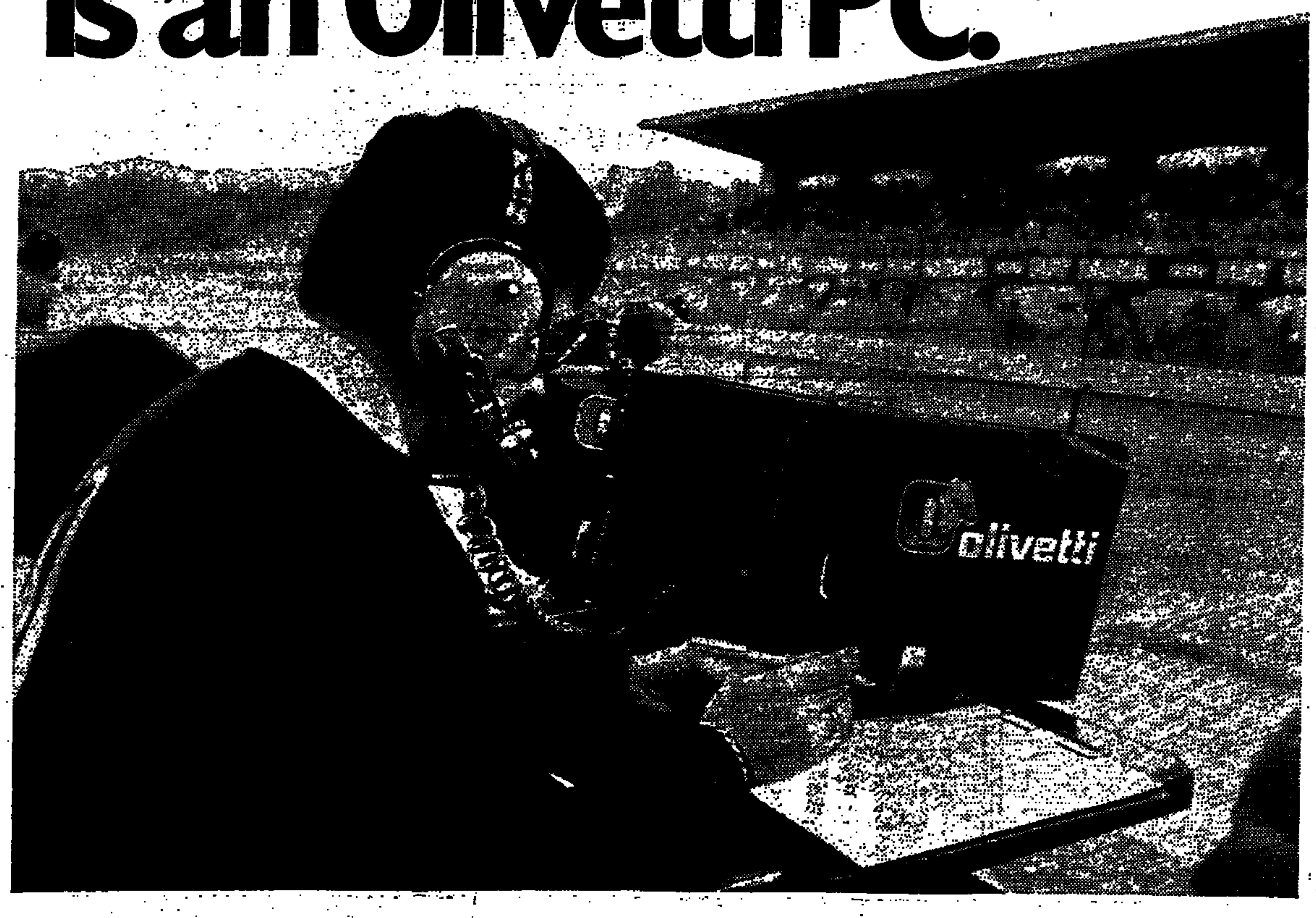

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Zealcorp

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Candidates will hold a University degree or equivalent in Economics/Finance/Business Administration preferably combined with a degree in Petroleum or Chemical Engineering. Over 10 years experience with a strong background in corporate finance planning, matured in well-known Oil Companies, is required.

3. REFINERY ACCOUNTING ADVISOR

(i) to develop accounting related to the sale activities of refined products. (ii) to advise on costing and profitability of refined products. (iii) to advise the Management on economic, financial (and relevant technical) aspects concerning the export of products and the utilization of refining capacity. (iv) to liaise with senior staff of Operating Companies and of Export Service Division.

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Thursday October 17 1985

Miners' union pays the price

THE VOTE of the Midlands mineworkers today and tomorrow is a direct consequence of the folly of the leadership of the National Union of Mineworkers. By denying a ballot vote last March and imposing a strike, often through coercion, they forfeited the trust of many — perhaps most — of their members. In the two areas where the leadership actively opposed the conduct of the strike—Nottinghamshire and South Derbyshire—the miners appear keen to stay outside the NUM and their leaders insist that others from other areas will join them.

The success of this venture will be fraught with problems, most of all for the National Coal Board. Dual unionism within pits could be a managerial nightmare, especially when an NUM run by Mr Arthur Scargill continually winds up its adherents to create the most trouble possible. Both unions will compete for members by competing for the best deal. A management which should be fighting for better productivity and more market share could become bogged down in an industrial relations morass even deeper and stickier than that which existed before the strike.

But they will have to live with it. However much the Nottinghamshire and other mineworkers will vote for money in their pocket, or for a quiet life, or because they have been influenced by the anti-Scargill personality campaign, the issue at the root of the vote today is personal freedom. It is the affront to that freedom which the vote expiates: the majority will be determined by whether the memory of that affront is still green.

It is unlikely that the union can be sewn together again while Mr Scargill leads it. To the dismay of many of his executive colleagues, he attempted no building of bridges after the strike, and offered not a hint of personal responsibility. As long as he is president and as long as his style and politics remain broadly unaltered, then the interests of his members, and of the coal mining industry, suffer.

Productivity

In other respects, the NCB is beginning to look as if some of the worst is over. It is likely that Scotland, where the manpower loss and the cut in numbers of pits over the past three years has been massive, will cover its costs in the current year: if the north-eastern area succeeds in cutting Bates and Horden—now in the final stages of the closure procedure—it will be on its way to the same state. South Wales remains a problem but its biggest lossmakers are shutting fast, too: the worst case is the tiny, three-pit Kent coalfield, where mining has for long been hopeless as an economic venture. Elsewhere the rising productivity and the temporary high demand from the Central Electricity Generating Board give the industry a flush of health.

It will prove to be transient unless it can be secured. The new market orientation given the board earlier this week by Mr Ken Moses's new strategy for coal could mean a deep-mined production level of 90m tonnes or even more if prices come down fast and far. It could, however, be less if the price does *not* come down.

It cannot be said that the current improvement is being achieved to the sound of violins. Most managers have cracked down hard on their workforces and the workers are flooding out of the industry, usually with little hope of finding other jobs, because their spirits are low and their expectations lower.

In this climate, the NUM will have a role only if it can, as the U.S. United Mineworkers did under John L. Lewis (a favourite Scargill bogeyman) establish a bargaining posture which gets high wages and good conditions for those miners who remain in the industry but accepts, tacitly, that many will not.

It will also need to accomodate itself to a style far more decentralised than that it has been used to under the last 40 years of NCB proctice. While Mr MacGregor is now to go in less than a year, his successors are unlikely to reverse his trend (which was sometimes more in theory than in practice) towards area and pit level accountability. This will remain the managerial style, whether the pits stay in public hands (likely for the foreseeable future) or move to private ownership. Mr Scargill's strike has spelled the end, for the present at least, of a monolithic and powerful NUM. Whether or not the mineworkers eventually re-form a single union, they will require a leadership and an organisation which will respond to local needs instead of fighting national political battles which are irrelevant to the interests of most of its members. The vote in Nottingham shire should give a hamshire should give a powerful stimulus in this direction.

BT's customers come first

THE RULING by the Office of Telecommunications (Oftel) this week on the terms on which British Telecom and Mercury Communications will connect their respective networks strikes a welcome blow in favour of greater competition.

An immediate result is to transform Mercury from a struggling newcomer into a potentially huge moneyspinner for Cable and Wireless, its owner. Much more important, Oftel has convincingly vindicated its claim to be an effective defender of consumers' interests. It is still far from clear, however, that the conditions exist to provide consumers with the promised benefits of telecommunications liberalisation. In particular, BT's veiled threat that the Oftel ruling may cause it to push up still further residential telephone charges points to a weakness somewhere in the system.

It is perfectly reasonable for BT to re-balance its tariffs to remove the traditional cross-subsidy between its highly profitable business traffic, which is Mercury's prime target, and unprofitable residential services. That has long been recognised as an inevitable consequence of competition. But for BT simply to transfer the burden of financing its costs from one part of the business where there is competition to another over which it retains a *de facto* monopoly would be a mockery of liberalisation.

The "RPI −3" formula, which requires BT to keep its average annual tariff increase three percentage points below the rate of retail price inflation, is supposed to provide an incentive to cost-cutting. Yet BT has still been able to announce a 3.7 per cent tariff rise only weeks after reporting a 39 per cent increase in quarterly profits and lower capital spending.

As a Public Policy Centre report argued this week, the RPI −3 formula may be too generous. By pegging BT's tariff rises to the general rate of inflation, it overlooks the fact that many of the costs of operating a telecommunications network are falling because of technological change.

The most effective spur to improved efficiency by BT may therefore be a combination of firm action by Oftel to curb monopolistic abuses, and vigorous competition. However, in spite of this week's interconnection ruling, restraints remain on the scope for real competition in the medium-term. These stem mainly from the Government's decision to give BT and Mercury exclusive rights to operate public networks until July 1989. The ostensible purpose is to give Mercury time to establish itself. But the arrangement also allows BT a leisurely timetable in which to adjust to the full rigours of an open market.

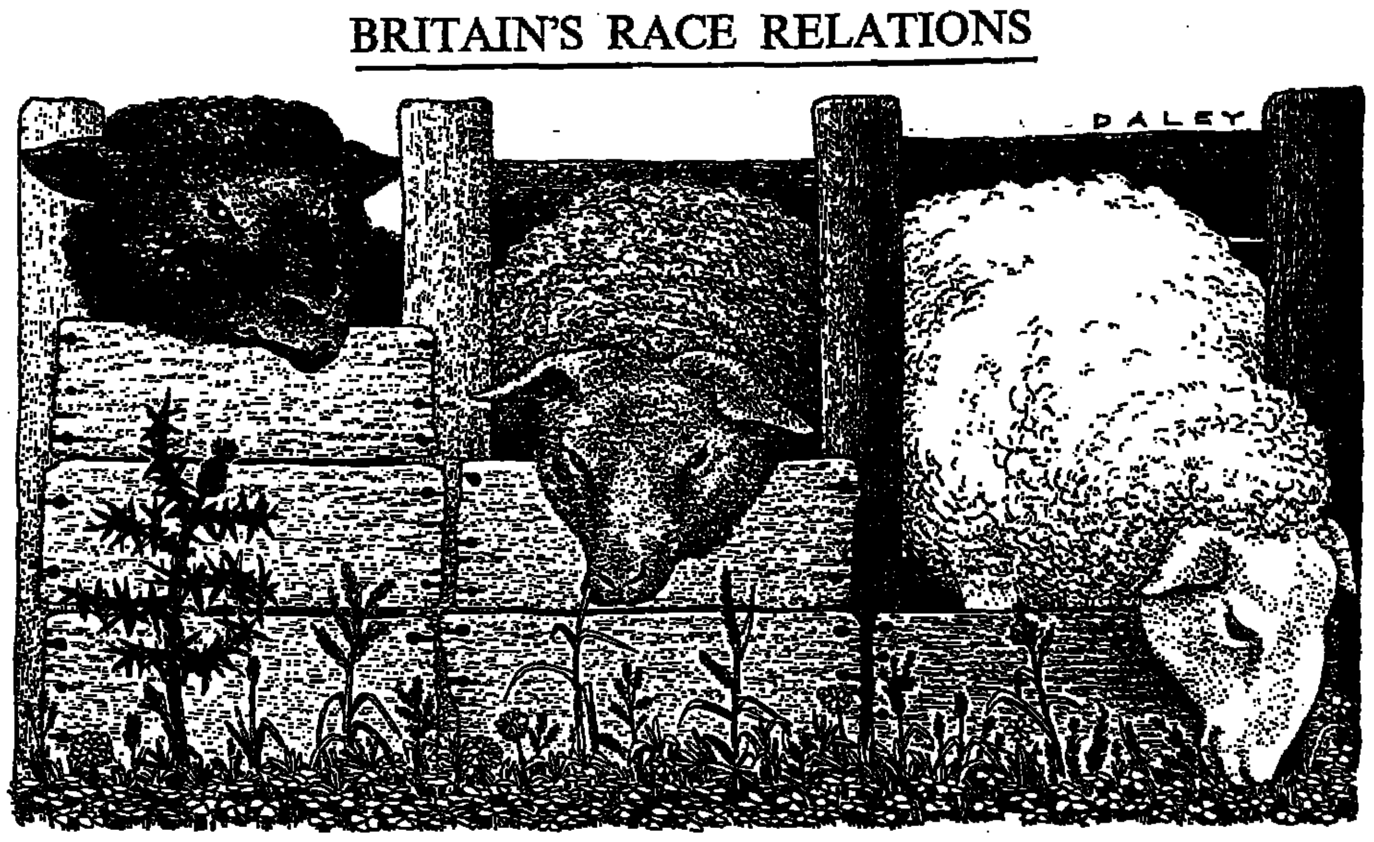
Here too, the Government may have been too lenient on BT. There is much to be said for increasing competition by abolishing now the restrictions which prevent third parties from buying capacity on BT and Mercury circuits and re-selling it at a discount. Mercury, indeed, favours such freedom. The Government's hands are tied, however, by its commitment in last year's BT share prospectus to preserve the status quo until 1989. The intention, no doubt, was to enhance BT's appeal to prospective investors.

Conflict

This is only one of the ways in which the goals of liberalisation and privatisation conflict. A recent report by the International Institute of Communications argues that, at almost every turn, UK policy is torn between the interests of the consumer in more competition and BT shareholders' preoccupation with a secure stream of steadily rising profits.

Regrettably, it is too late for the Government to disentangle the thicket of contradictory objectives which it has created. Nevertheless, the achievement of a vigorous telecommunications market and of a more efficient BT demands that whenever policy choices arise in future, they should give the priority to promoting competition rather than merely to keeping BT shareholders happy.

BRITAIN'S RACE RELATIONS



After two decades, not much sign of progress

By Robin Pauley

THE subject of Britain's race relations is similar in many ways to that of England's football team or the state of the economy. Pubs, clubs and buses are full of people who know all about what is wrong and why nothing ever seems to change for the better.

Consider the following assertions about what is wrong in the British racial melting pot.

- Massive post-war immigration means that non-whites make up a large part of the population.
- Non-whites have been and remain stuck in unskilled jobs because it was the unskilled who left home and came to Britain in search of prosperity.
- Non-whites have higher youth unemployment levels than whites because they are poorer educational achievers and so have generally lower qualifications to offer.

These facts and many others with similarly wide currency are all wrong. The truth is that Britain has just over 1m people of Asian origin and just under 1m of Afro-Caribbean origin. This represents just 4 per cent of Britain's 54m population.

Many West Indians were actively recruited through employment offices set up in their islands to find staff for post-war industries. A quarter of the men and half the women were trained non-manual workers and a further 50 per cent of men and 25 per cent of women were skilled manual workers at the time of their arrival.

White males with O-levels have an unemployment rate of 9 per cent compared with 18 per cent for Asians and 25 per cent for West Indians. At A-level, City and Guilds, ONC and OND the unemployment rates are 6 per cent for whites, 10 per cent for West Indians and 22 per cent for Asians.

The various myths about newcomers are as old as immigration itself. Over the centuries Britain has accepted waves of foreigners—Huguenots, Irish, Jews, West Indians, exiled Ugandan Asians, Hong Kong Chinese and, most recently, British citizens of the Asian sub-continent. Their absorption into the community has never been easy and in spite of repeated exposure to different races and cultures the white British, like the French, remain defensive.

But West Indians and Asians have faced two new problems in Britain: discrimination on the grounds of skin colour and a persistent racial discrimination against new British-born generations which is holding up and holding back the more harmonious integration into society achieved by other immigrants.

The wave of Afro-Caribbean immigration peaked in the early-1960s and by the mid-1960s had been halted. Asian inflows grew in the 1970s and wives and children are still arriving, although in much reduced numbers. Nearly half the non-white population is now British born and many have now been here for three decades or more. But in spite of the fact that racial discrimination has been outlawed since 1956, statistics show again and again that black and coloured immigrants are not prospering and are not achieving leading roles in society and institutions.

There are only 17 black and Asian journalists in Fleet Street, there are only four black headteachers, there are no black judges, all but 100 of Britain's 115,000 policemen are white and only 1 per cent of the 26,800 police in the Metropolitan police are not white, including 265 sergeants and nothing more senior than one Asian inspector and one black inspector. The Councils of the CBI and Institute of Directors have no black members although the IoD has two Asians, the Church of England has one black bishop and the Roman Catholic Church has no black parish priests. There is one black mayor and no black or brown MP.

The myths about newcomers are as old as immigration itself

The list of discrepancies between black and white is, like the myths, endless. Widespread racial discrimination, illegal though it is, seems to be greatly to blame. It is nearly four years now since Lord Scarman said in his report on the 1981 Brixton riots that it would be disastrous if vigorous and urgent action were not taken, possibly including positive discrimination in some areas, to eliminate racial discrimination.

The recent riots in the same areas as the 1981 riots may be a new warning. Although none was a race riot in the sense of the black rights riots in the U.S. in the 1960s, race clearly plays a major part. All of the riots have been in deprived inner city areas with large ethnic minority populations. Each riot has been sparked by an incident involving police and blacks.

Detailed research by both the Home Office and the Policy Studies Institute suggests that non-whites are being held back through severe racial discrimination in housing and employment and integration is further hindered by major obstacles in education and relations with the police. Lord Scarman urged that ethnic demand for under-fives nursery provision should be fully met, particularly because of the importance of early tuition in language, that parents and schools must be brought closer together, that children be instructed in the way the government, institutions and law work, and all children should leave school able to speak and write effectively in English.

In spite of a static under-five population, overall capital spending on under-fives has fallen. It was £40 per head in 1981 and is £24 per head this year, half the level needed to maintain 1981 spending per head in real terms. In the inner cities, demand from ethnic minorities for nursery places continues heavily to outstrip supply.

The housing conditions of blacks and Asians concentrated in the inner cities, have improved steadily over the past 20 years—principally because everybody's housing conditions have improved. So the gap remains.

The comprehensive Policy Studies Institute survey, "Black and White Britain," shows that while a quarter of white council tenants live in flats more than half of Asians and blacks do and while 5 per cent of whites have more than one person to a room 20 per cent of West Indians and 43 per cent of Asians have at least this level of overcrowding.

Since racial discrimination was outlawed signs proclaiming "No Blacks" and "No Lets to Coloureds" have disappeared but has discrimination gone with them?

Half of West Indians and 40 per cent of Asians say they have been refused accommodation for reasons they think were to do with race or colour

Even if the urgent changes needed within the education and housing systems are made now they will take some time to percolate through. But the most immediate problems are in the employment area.

Home Office research shows that, again contrary to popular myth, young blacks are just as eager to work as whites, have the same levels of aspiration — although Asians tend to have higher aspirations that both West Indians and whites. When threatened with prolonged unemployment, the ethnic minorities have been more prepared than whites to lower their sights and take a job which they would rather not have or for which they are over-qualified.

Nevertheless the PSI study confirms that all ages and levels, ethnic minorities suffer worse unemployment than whites even where they have the same educational and vocational qualifications. And a recent bogus job application test by the PSI shows that at least a quarter of employers discriminate against Asians and blacks when all other things are equal.

Half of non-whites, and interestingly, three quarters of whites think there are employers in Britain who would refuse a job on the grounds of race or colour and the majority of all groups believe promotion is less likely for non-whites with the same qualifications as whites.

The PSI bogus tests show their fears to be well founded. The identical applications by letter and telephone by a white, an Asian and a West Indian were for a variety of jobs in London, Birmingham and Manchester, the three urban areas containing 60 per cent of Britain's non-white population. Racial discrimination in jobs has been unlawful for 17 years, yet 25 per cent of employers discriminated against both blacks and Asians and a further 20 per cent discriminated against one of the non-whites.

Little support for U.S. policies of reverse discrimination

These levels of racial discrimination are no better than when the last test was conducted in 1973. "The brutal fact is that despite the law, direct discrimination persists as an additional and powerful impediment to any economic progress by blacks," say the PSI researchers.

It would not be surprising if these key disadvantages over time had alienated the minority population. But the Home Office research shows it to be as supportive of or hostile to establishment institutions as whites except in one vital area: attitudes towards the police. Non-whites, particularly West Indians, are much more hostile than whites to the police.

The reasons for this are complex. For a long period there was evidence of racism among police officers and non-whites were subjected to some racial abuse and harassment by police, especially when the controversial stop-and-search powers of the "Sus" law were used on the streets.

However, the police force has been the only institution to take Lord Scarman and the 1981 riots seriously and significant changes have occurred. The new, articulate breed of police chiefs like Sir Kenneth Newman, Metropolitan Police Commissioner, sensitive to social problems, have insisted on race relations training for their men and community policing has made great strides in improving the general climate on the streets. All cadets at Henley police college undergo race relations training and spend some time in inner city areas with high ethnic minority concentrations before starting work.

But Home Office Ministers admit more needs to be done and, in particular, there are still far too few non white policemen on the streets. As the recent riots have shown, a misunderstanding, a rumour or a blunder over a policing incident is enough to undo years of community policing work.

While there can be no doubt that racial discrimination remains widespread in Britain there is much disagreement over what to do about it. There seems little support for the U.S. policies of reverse discrimination, which allocated legal quotas for blacks throughout the employment and education sectors. These measures have been acclaimed a great success, but the statistics show that the middle classes were the main beneficiaries.

While there were some undoubted improvements, particularly with the ascent to the top police and state governmental jobs by blacks, the main problem—the bottom 40 per cent—remains strongly disadvantaged.

Mr David Waddington, Home Office Minister responsible for race relations, is considering a half-way policy of denying Government contracts to companies which cannot show adequate levels of ethnic minority employment. But even this is controversial and invites the response that the Government, as a major employer, has less than 1 per cent ethnic minority representation among its 600,000 civil servants.

One way forward would be for the Government to shout loudly to employers about the need not only to be an equal opportunity employer but to take steps to ensure that blacks and Asians apply for vacancies. At the same time the public sector is ideally placed to lead the campaign to persuade blacks and Asians to apply for jobs and to monitor career progress. Central and local government, the National Health Service and the nationalised industries between them employ about 7.5m (compared to total private sector employment of around 17m).

Proper representation throughout the ranks of the public sector would be a major counter-weight to the present levels of discrimination in employment and, if accompanied by similar efforts in schools and housing departments, would begin to ameliorate levels of racial discrimination which do not so far appear to have improved over at least two decades.

Men and Matters

Gill shows capital style

Ken Gill, general secretary of the white collar engineering union AUEW Tass, this year's TUC chairman, and a long-time member of the Communist party (he was recently expelled for being too hard-line) clearly appeals to capitalists more than to communists.

Last week Gill was the honoured guest at the Works Management dinner in Birmingham, where he made a speech and handed out awards.

One was to Associated Biscuits, a subsidiary of Nabisco, which had achieved higher productivity with a "reduced and much happier work force."

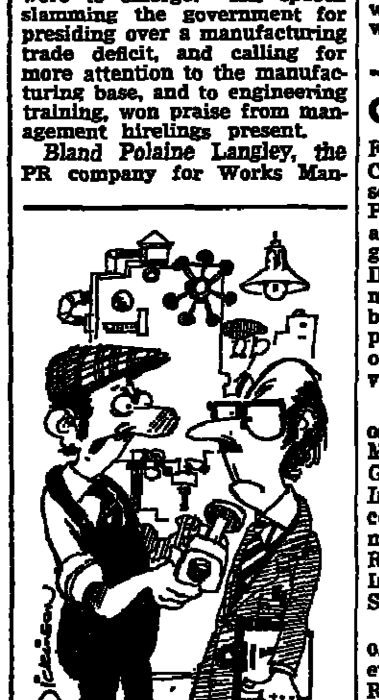
Curious: for Gill is not supposed to approve of happiness under capitalism, especially after workforce reductions.

But more serious deviations were to emerge. His speech slamming the government for presiding over a manufacturing trade deficit, and calling for more attention to the manufacturing base, and to engineering training, won praise from management hirelings present.

Bland Polaine Langley, the PR company for Works Management, reports that the audience "used to a confrontational attitude from union speakers" was vastly encouraged by Gill's speech.

Ploughing as they do the hard furrow of promoting efficiency and productivity in manufacturing plants, many of them said later that "they wished more trade union leaders would speak up as he had done."

Does this show that works managers are sliding to the left? Or that Gill is sliding to the right? Or that the Communist party in Britain is now so far to the right that it throws out for being too left-wing people whom right-wingers regard as moderate?



"Of course output's dropped—its all that knocking off to give evidence to House of Lords Select Committees."

Counter-punch

For the second year running, City stockbrokers have eagerly seized the chance offered by Punch magazine to square accounts with the fund managers. The Extel/Continental Illinois survey gives the fund managers' ratings of the top brokers' analysts — the Punch poll gives brokers' a fun vote on which fund managers they value least.

The man who gets the title of "Most Unpopular Fund Manager of 1985" is Paul Gaunt, of Confederation Life Insurance, who polled 22 per cent of the votes — 2 per cent more than the joint runners-up, Ralph Setton of United Friendly Insurace, and Nigel Foster of Save & Prosper.

Yorkshireman Gaunt — the only fund manager, it is said, ever to have worked in Harry Ramsden's famous fish and chip shop — was described by one broker as "overwhelmingly arrogant and sarcastic."

Another complained that he "stubbornly refuses to admit that brokers sometimes get it right . . . I would prefer to service Mr Idi Amin."

Gaunt appears to be delighted with the vote, even agreeing with many of the brokers' sentiments. So many brokers appear to possess no opinions of their own, he reckons, that to try to be pleasant to those who are unintelligent, lazy or conceited, is simply too boring.

The poll gives brokers a chance to suggest alternative occupations for their nominees — resulting in an imaginative list which includes East German traffic ???den and British Rail reservations clerk.

Getty's gift

Gordon Getty may no longer be the richest man in America now that the family's \$4.1bn trust is being split amongst his feuding relatives, but he remains one of the most generous.

Early yesterday, he was to be found at New York's Explorers Club announcing a \$5m gift to the L. S. B. Leakey Foundation. The Foundation, named after Louis Leakey, the famous anthropologist, says it is the largest single gift ever made for research into human evolution.

Getty, 51, who spends much of his time composing music since last year's \$10.1bn takeover of the family's oil business by Texaco, says he was bitten by the anthropology bug in the 1960s. He took over as chairman of the Leakey Foundation in the mid-1970s.

He describes his gift as "venture capital" and says there is a "now or never" quality to anthropological research. "Further search for a large fossil database is of critical importance. Human population encroachment and deforestation threaten the few remaining groups of great apes and hunter-gatherers — human and animal alike," he says.

The Getty "challenge gift"—which means he will provide up to \$5m provided other donors match it—will give an enormous boost to the Foundation's ambitions.

At the moment, it has about \$1m in endowments and spends around \$200,000 a year in grants. Getty says he wants to expand the annual spending to around \$1m.

That figures

The Department of Transport has just announced the results of studies into the effect of the compulsory wearing of seat belts in cars and light vans.

In a glossy little pamphlet available to the public, it explains its interpretation of the figures thus:

"The analysis of numbers killed was more difficult to interpret.... As the number killed each month was much smaller than the number killed and seriously injured, estimates of changes were correspondingly less precise. The fluctuation in the number killed was more erratic than those killed and seriously injured.

"Subject to these reservations, the number killed amongst those directly affected by the legislation was substantially reduced after the introduction of the law, although not by the same proportion as the number killed and seriously injured."

A Transport Department spokesman said last night that the passage related to "technical problems of statistical analysis." He had no difficulty understanding it.

Hard line

The Madrid-Barcelona air shuttle is not known for its excessive care of passengers or its courtesy—as a stewardess unwittingly recognised in her English announcement as the plane landed the other day. "Welcome to Barcelona," she said. "we hope you have endured this flight. . ."

Observer

ECONOMIC VIEWPOINT

Coronets and begging bowls

By Samuel Brittan

THREE OLD codgers are sitting at their favourite cafe eating baked beans from a tin bearing a House of Lords crest. They decide to discuss "economics."

"Agriculture is the basis of everything," says the first one, mouth full of beans. "Everything else depends on it, you know."

"Rubbish," says the second ancient, banging his dish on the table. "Without manufacturing we would have to sit on the ground and eat with our fingers. In any case we can buy all the food we want in exchange for factory products."

"And rubbish to both of you," says the third *clochard*. "Services create the demand for manufactures. These chairs, tables, knives and forks are only needed to keep the service sector going," pointing to Old Bill hovering by the cash desk. "Most of the cost of our meal is service, as well."

Old Bill has, however, been mugging up his political economy and shows all three the door. "Can't you see that the economy is inter-dependent? The customer decides the final mix. There are no grounds for regarding any particular sector as more fundamental than any other.

"In any case the boundaries mean less and less. Look at Gubbins over there, a staff journalist; he is in the manufacturing sector. His drinking companion, Muggins, who works freelance for foreign papers is in services. Funny things, statistics."

The House of Lords Select Committee's much-trumpeted Report on Overseas Trade, is on the same level of special pleading as the three old codgers, but it contained no Old Bill to put them right.

The committee was chaired by Lord Aldington, chairman or deputy chairman of GEC from 1964 to 1984 and a close Heath associate. Its leading spirits included well known corporatists such as Lord Kearton and Lord Ezra.

The committee's motto seems to be: "What is good enough for the GEC is good enough for Britain." (GEC is a major beneficiary of governmental spending, especially on defence.)

The Aldington Report is full of the fallacies of corporation. A corporatist is someone who believes that resources should be allocated, not in a competitive market subject to impersonal rules, but by political decisions of interest groups with the state as driving force.

It is not that Lord Aldington and his men have studied the workings of various markets, found deficiencies and come up with suggestions for improvements. There is no conception in the report that a market mechanism exists at all.

The report is full of sentences such as "Your Committee does not believe," or "we cannot accept . . ." But its loudest assertions are often unsubstantiated, e.g. that only 20 per cent of "services" are internationally tradeable. The evidence for this assertion is not given. An anlysis by the British Invisible Exports Council suggests that while 26 per cent of all employees work in manufacturing, some 40 per cent work in the internationally tradeable service sector.

Why does manufacturing have such sex appeal? Maybe because Britain led the original Industrial Revolution. Maybe too because large firms and trade unions are both far more dominant in manufacturing than in private services, which makes for more effective political lobbying.

Manufacturing is also often lazily equated with "industry" which, in turn, is equated with the whole of the national economy. And it is true that the output of metal boxes is easier to measure than, say, financial services or tourist provision.

The Aldington Committee takes advantage of the confusion, by including almost every cliche and commonplace everyone has uttered about the British economy, and tries to shift the meaning of these cliches, by substituting "manufacturing" when it ought to say "output" or national economy.

The Aldington Report is a mirror image of a similar campaign for a U.S. industrial strategy which Walter Mondale was unwise enough to make his own in his unsuccessful 1984 Presidential campaign.

The committee's own report shows manufacturing falling as a proportion of GDP in all the main industrial countries.

On both sides of the Atlantic the relative decline in manufacturing has been aggravated by macro factors: the budget deficit and capital inflow in the American case, and a displacement of traditional exports by oil in the British case. In both countries businessmen impatient with these matters seek subsidies or protection which could only set off trade wars *without even improving the manufacturing trade balance.*

The committee would like to believe that Government policy has had a lot to do with the deterioration in the trade balance in manufactures; but it struck unlucky, as Oxford Economic Forecasting produced an econometric analysis suggesting that by far the largest part of the deterioration was due to displacement of manufacturing exports by oil and to "longer term trends." Government policy is even shown to have had a very slightly favourable effect. I report this tongue-in-cheek to show what can happen to those who rely on models to buttress inadequate thinking.

Aldington's own starting point is that the UK has had since 1983 a deficit in manufactures, contrary to earlier historical experience. This is only horrifying to those who identify manufactures with the whole of trade and payments.

If there is an oil surplus of £7bn, an invisible surplus of £5bn, and a total current surplus of £1bn—as was the case in 1984—then as a matter of arithmetic there has to be a deficit on other visibles of £11bn. Of this some £7bn was accounted for by food and materials and another £4bn by manufactures.

The Treasury incurred the wrath of Aldington by pointing out that North Sea oil led to a displacement of manufacturing exports; and that as the oil surplus runs off, the balance in non-fuel trade, including manufactures, will improve again. This is indeed what will happen.

The nearest thing to an argument in Aldington is a table from the Lloyds Bank Economic Bulletin of September, 1985 showing the trade surplus in oil running off from £9.5bn in 1985 to zero in 1990, and the current account running into a deficit of £14bn. If I had to guess, I would prefer to take an interdepartmental memorandum of May 1985, ignored by the committee, suggesting oil self-sufficinicy until the middle or late 1990s or later.

Far more important, however, is the committee's failure to realise that a £14bn current deficit could only occur if there were a net overseas capital inflow of that amount. Failing that the real exchange rate would have to shift to ensure a balance.

A sensible policy would be to allow *the real* exchange rate to move to affect real forces such as the running off of North Sea oil or differential changes in other countries subsidies, while keeping a firm nominal rate so as not to accommodate inflationary pay awards. (The distinction is hardly discussed by the committee.)

In their fury at double-entry book-keeping, their Lordships missed a real issue in relation to North Sea oil worth arguing. The UK has run a series of current surpluses and net overseas assets have increased from £12.5bn in 1979 to £70bn in 1984. But maybe the surpluses should have been larger and even more assets accumulated to provide for post-North Sea days. To achieve such surpluses we would indeed have required lower interest and exchange rates, but also a lower PSBR. This would have meant spending cuts or tax increases, the opposite of what the Government was urged to do by its critics.

Another citation liable to backfire is the use of the Kiel Institute's figures for total subsidies to German industry, most recently put at DM121.5bn (£32bn) over three years.

Kiel's point in making the estimates is to argue for the slashing of these subsidies by about 50 per cent, which it thinks would yield a million new jobs — the opposite course to that urged by Aldington.

If the Kiel analysis is right, Chancellor Lawson's phasing out of investment grants to finance corporation and income tax cuts will ultimately be good for jobs: the opposite of the committee's conclusions.

Perhaps fortunately, the Aldington recommendations are vague and commonplace, amounting to hints at more industrial subsidy and "Buy British" protectionism. But we can ill afford even mild nonsense when the future of a liberal world trading system is at stake.

There are real problems about manufacturing which the committee neglected. For instance, why is there so little spare capacity, when manufacturing output is low and unemployment so high? Is it that the pre-1980 level of employment depended on overmanning and that there never was the capacity to employ efficiently the whole manufacturing labour force? Or was capacity of a genuine long-term potential destroyed in the recession? Or have excessive real wages induced a labour saving bias in investment? Or some mixture of these three? But their Lordships preferred pounding the table to difficult analysis.

One genuinely anti-Government point escaped them. This is whether it is possible to run down public service employment (as the Government has unsuccessfully tried) at the same time as manufacturing jobs are contracting. Does this not put excessive reliance on private services for job provision?

Before every opposition party, "wet" Conservative and hostile commentator jumps on to the Aldington bandwagon, he or she might remember that demands for manufacturing subsidy are direct competitors on the national budget, not only with tax reduction but with welfare state expenditure, on the poor and the sick and on education. Genuine readers of Keynes will know that he distinguished between the agenda of government, which would otherwise not be carried out at all and the non-agenda. Industrial subsidy is part of the non-agenda.

BREAKDOWN OF GDP 1984

	%
Agriculture	2
Energy	11
Manufacturing	24
Construction and home ownership	12
Health, education, public administration, etc	16
Other services	35
Total	100

Source: National Income Blue Book.

The report from Lord Aldington (left) is full of the fallacies of corporatism

CONTRIBUTIONS TO DECLINE OF MANUFACTURING TRADE BALANCE 1977-84

	*£bn
World slowdown	0½ to 1½
Domestic policy	0 to −1
North Sea oil	8 to 11
Longer-term trends	8 to 12

* Minus sign indicates that this factor has resulted in an improvement in the trade balance over the period.

Source: Oxford Economic Forecasting.

Lombard

Taxman squeezes the banks

By David Lascelles

THE DEVIL and the deep blue sea must seem infinitely preferable to being caught between the Bank of England and the taxman. But such, it appears, is still the fate of a number of banks when it comes to the vexed question of how they should make provisions for their doubtful loans to Third World countries.

The problem is that the Bank, whose wishes no banker can ignore, is pressing banks to make generous provisions against the dreaded day when one of those countries cries "No more!" But the Inland Revenue is being sticky about allowing these provisions as a business expense which can be set against tax. This might be dismissed as a rather arcane matter best settled by the Bank, the banks and the taxman over a good lunch, except that it touches on the wider question of whether the country at large should make a contribution to solving the Third World debt crisis at a time when there are calls for new solutions.

This matter has been rumbling for years. In fact, two years go many people thought it had been settled when the Revenue made a statement about what provisions it would allow—which amounted to those made for countries which most bankers had written off anyway, like North Korea and Zaire.

Since then, though, bankers have been confronted with the much larger debts of countries like Brazil, Mexico and Argentina who are not technically in default but whose prospects of ever digging themselves out of their deep financial holes seem increasingly remote.

The Bank of England is keen to ensure that banks have a good cushion of reserves to bear losses on loans to these countries. But the taxman, whose job it is after all to collect as much revenue as he can, is arguing that since these countries are not in default, and since countries (unlike bankrupt companies) never actually disappear, the provisions made for them are not generally a legitimate business expense for tax purposes.

This should not stop bankers making full provision, except that being human they are not going to make much more than they can claim for tax. The result is that UK banks, while well provisioned by international standards, are probably less provisioned than they might be.

The ideal solution would be for the Bank and the Revenue to come to some arrangement—and the banks are pressing them to do that. But the two agencies of government are understandably reluctant to tell the other what to do. The impasse could be solved politically with an order from on high—either to the Bank to ease up on its demands for provisions, or to the Revenue to be a bit more lenient. The first course would seem highly risky, and would be resisted by the Bank which is trying to tighten up after Johnson Matthey.

The second would be politically unpopular, but worth debating. The issue boils down to whether the country should forgo a certain amount of tax revenue to ensure that the UK banking system is strong enough to withstand whatever shocks lie ahead on LDC debt, a matter very much in the public interest. This would be a way of spreading the burden of the debt crisis more widely.

On the other hand, it is hard to argue the case for "socialising" the burden at a time when UK banking profits are quite buoyant. Present bank shareholders must also be fully cognisant of the risks, and must be expected to bear the cost, particularly since over-lending by the banks was one of the main reasons why the LDC crisis erupted at all.

Some countries get round this problem by allowing for tax all provisions made at the behest of the banking supervisory authority, or all provisions up to a certain percentage of revenues, regardless of which loans are involved. But if bankers were really as prudent as they would have us believe, they should be making their provisions regardless of tax considerations.

Letters to the Editor

Profitable spires

From Mr P. Oppenheimer

Sir,—Having in recent years polished off the French wine industry, the world's railways and sundry other topics, my friend Nicholas Faith has now turned his talents (October 12) to the alleged failure of Oxford colleges to pull their financial weight in the interests of this country's academic community. I'm afraid that, to a first approximation, he hasn't the faintest idea of what he's talking about. Space precludes a full catalogue, but here are a few blunders and misconceptions to be getting on with.

The colleges' financial position has not been "revolutionised" in the past 20 years. The sixfold increase in their endowment income since 1964 needs to be set alongside the tenfold increase in Britain's GNP and the more than tenfold increase in incomes from employment. Mr Faith implicitly compares the colleges' endowment income of £17m with the £40m or £50m which he calculates they would obtain if they invested their entire capital in gilts. He forgets that when there is inflation, an appropriate proportion — in current circumstances at least half — of income from gilts needs to be set aside in order to maintain the capital in real terms, and is thus unavailable for spending. (Alternatively, one can invest in index-linked gilts and obtain correspondingly less income.)

Mr Faith has not understood the financial relationship between the colleges and the University. He refers to the "joint maximum" stipend which Oxford dons reach in their early forties (and which is of course subject to government approval like all University salaries in this country). He does not explain that it is this "joint" stipend which is equivalent to University pay in non-collegiate Universities; and that the colleges' share of the total means that the average cost to the University of employing a lecturer is far less in Oxford than in other universities.

Oxford college libraries do not "buy books at the whim of the fellow who happens to be librarian." Almost all their purchases are of textbooks and mainstream works wanted by undergraduates and recommended by tutors. This takes a great load off both faculty libraries and the Bodleian — though, to be sure, even a copyright library like the Bodleian (which receives a free copy of every book published in this country) is in pressing need of additional funds.

Apart from a passing reference to Christ Church cathedral, Mr Faith makes no mention of the costs of upkeep of college buildings. The academic community at Oxford is privileged in its architectural surroundings, and it has a corresponding obligation to maintain them. While no full valuation of college buildings is available, back-of-the-envelope calculations some years ago by a member of the Franks Committee suggested that their maintenance could properly be held to absorb the entire income from the Oxford colleges' aggregated endowment, leaving not a penny to spare for salaries, books, research fellowships or anything else.

Peter Oppenheimer.
Christ Church, Oxford.

Turning tides

From Mr F. Field MP.

Sir,—You report (October 12) Kenneth Clarke in a speech on union ballots as saying, "if Scargill and Todd and, their like think they can hold back the tide of democracy in their unions, they are as foolish as King Canute." Many millions of trade unionists will hope that their duly elected leaders have a greater historical acumen than does the Government's chief employment spokesman in the Commons. Canute's demonstration was to show that he has no power to prevent the incoming tide. Hopefully trade union leaders will accept that the tide for trade union ballots is only beginning to rise. Similarly, is it too much to expect that Kenneth Clarke will possess more expertise in how to turn back the tide of unemployment than he has in English history? That, after all, is what he is getting paid for.

Frank Field,
House of Commons, SW1.

Two downside possibilities

From Mr P. Schwartz

Sir, — In the leader of October 14, entitled "Two downside possibilities," there is an important factual error.

You attribute the implementation of California's Proposition 13 to Governor Ronald Reagan. It was in fact Governor Jerry Brown who, though he had opposed it, successfully implemented the tax-relief measure and its budgetary consequences.

To understand its meaning for the present political circumstances, however, you need to know more: Proposition 13 arose because of the massive inflation of property values in state of California. Tax rates were not adjusted, so the current tax payments of home owners also rose rapidly, leading to a state budgetary surplus. This surplus was enhanced by Governor Brown's tight budget policies. It was this surplus that eased the transition following the passage of Proposition 13.

In fact Governor Ronald Reagan did in California just what he has done in Washington. He proclaimed himself to be a fiscal conservative, but substantially increased state spending without dealing with the revenue side, leaving his successor, Brown, with a massive deficit, just as Reagan the President will do to the next President.

Brown's task was, of course, made easier by the inflation of the tax base. One should have no illusion, however, about Ronald Reagan and balanced budgets; his history as Governor shows him to be all talk and no substance, not a spending and tax cutter.

Peter Schwartz,
4, Squires Mount, NW3.

Statutory auditing

From the General Secretary, National Union of Tailors and Garment Workers

Sir,—The article by Barry Riley (October 8) on the controversy over statutory accounting and audit requirements neglects the very important question of abuse of limited liability. The consultative document recognises that there are implications for the much amended provisions of the Insolvency Bill which, it is hoped, will penalise and deter delinquent directors. The responses of the TUC and of my union highlighted the danger that the Government's proposals will promote fraud.

Any abolition or relaxation of the statutory audit requirement would make the new provisions on wrongful trading very difficult to operate. If employers are allowed the privilege of limited liability without being subject to audit, it would be harder to distinguish wrongful trading from other causes of insolvency. Penalties for wrongful trading would either not be applied or there would be complaints that they were indiscriminate. The Government's past performance suggests that such complaints would lead to the abandonment of any effort to counter wrongful trading.

The retention of the statutory accounting and audit requirements would be very valuable in relation to wrongful trading. Although fraudulent directors might ignore the requirements, this in itself would be an indication of wrongful trading.

The evidence that accounting and audit regulations cause concern to small businesses is remarkably thin. For example, the research associates used for the Government report "Burdens on business" were only able to extract 11 complaints from their sample about the whole of company law. This means that 189 companies refused to complain despite prompting.

The Institute of Chartered Accountants in its recent working party report on fraud observed: "The Government may well feel that this objective (of reducing regulation) should take precedence over . . . reducing the incidence of fraud." If the Government presses ahead with the abolition or relaxation of statutory accounting and audit requirements for small companies, its statements on fraud will be exposed as mere lip service. Ironically small businesses, both as trade creditors and through unfair competition, are often among the main victims of abuse of limited liability and so would suffer from this triumph of the ideology of deregulation at all costs.

The proposed changes to accountancy and audit requirements would also deprive workers of access to information about their employers. The contradiction between the proposals and the Government's statements about disclosure of company information to employees is no less striking than the conflict between the proposals and the new legislation on wrongful trading.

Alec Smith,
16, Charles Square, N.1.

Manufacturing industry

From the Secretary, Institution of Production Engineers

Sir,—As one with a dedicated interest in the future of this nation, please may I ask that you ensure that your front page piece on (October 14), "Invisibles 'cannot make good' lost manufacturing trade," and the feature, "A tale of (at least) two nations," are both chiselled in stone.

This institution has been trying to get the same message across for years. It is encouraging to know that we are no longer a lone voice in the wilderness.

If you've got a duck that lays golden eggs, you keep it well fed. You don't cut down its feed to save a handful of corn.

In the future, manufacturing industry will not necessarily be a major employer of people. But the wealth it creates will support an ever-expanding service sector.

R. J. Miskin.
66, Little Ealing Lane, W5.

FINANCIAL TIMES

Thursday October 17 1985

Denmark proposes changes to Treaty of Rome

By Quentin Peel in Brussels

DENMARK yesterday broke its silence and proposed a series of amendments to the Treaty of Rome, the founding document of the EEC, in a sudden change of tactics by the member state most consistently opposed to any changes.

The Danish decision to change its tactics followed a move by France to table key proposals on ways of speeding up completion of the single common market, and at the same time give more authority to the European Parliament.

A flurry of activity this week has marked the mid-October deadline for member states to table formal amendments to the Treaty of Rome, to be considered by the intergovernmental conference set up by last June's EEC summit in Milan.

Italy, the Netherlands, Belgium, France, Denmark, West Germany and the European Commission have now all put forward specific ideas for changes, variously intended to streamline decision-making, give greater power to the European Parliament, extend EEC activity into new areas and make it more efficient.

In spite of the rush the UK has maintained its position of not proposing any changes of its own, apart from the draft treaty on political co-operation submitted last June and being separately considered by political directors from the respective foreign ministries.

The deluge of documents has only served to underline the continuing profound differences between the member states on how to reform the Community, leaving many officials pessimistic about reaching a decisive conclusion.

The Danish amendments carefully stop short of any institutional change which might alter the procedures of the Community, or the power balance between the Council of Ministers, the European Parliament and the Commission.

They seek rather to consolidate the role of the EEC in fields such as technological development and protection of the environment, as well as development aid to the Third World.

EEC clamp on Japanese electric scales

By Paul Cheeseright in Brussels

THE EUROPEAN Commission yesterday imposed a provisional anti-dumping duty of 26.8 per cent on electronic scales from Tokyo Electric in Japan. The duty will last for four months, but a definitive duty could be imposed later.

The Commission accepted undertakings from three other companies to raise their prices – Yamato Scale, Reraoka Serkosno and Kubota. In these cases the Commission's investigations had revealed a dumping margin of up to 2.2 per cent. In the case of Tokyo Electric the dumping margin found was 26.8 per cent – hence the level of the duty.

The decision follows anti-dumping action taken this year against Japanese manufacturers of electronic typewriters, hydraulic excavators, certain types of ball bearings and glycine.

The Japanese market share rose from 6 per cent to 22 per cent between 1980 and the 1984 first half, but sales were concentrated in Greece, the Netherlands, Belgium and the UK. Of the 10,222 units sold in the 1984 first half, about 60 per cent came from Tokyo Electric.

● The European Community yesterday gave grudging approval to the measures taken on Tuesday by the Japanese Government to reflate internal demand. Mr Willy de Clercq, the Commissioner for External Relations, said the Community had been asking for such measures. He was glad they had been taken but he questioned their adequacy

Chrysler walkout over wage contract proposals

BY TERRY DODSWORTH IN NEW YORK

CHRYSLER car and van plants throughout the U.S. and Canada ground to a halt yesterday as the group's North American workforce walked out on strike against the company's new wage contract proposals.

The stoppage seems to have been designed by the United Auto Workers' union (UAW) as a means of bringing pressure on management to overcome a few last hurdles in the pay talks. There was no suggestion that the two-month-old negotiations were under the threat of total collapse and bargaining resumed yesterday, only 12 hours after the walkout.

The strike ends a period of labour peace at Chrysler since the company was forced to negotiate wage reductions and drop out of the U.S. motor industry's three-year bargaining pattern when it ran into financial problems in the early 1980s.

Two years ago, Mr Lee Iacocca the mercurial Chrysler chairman, personally intervened in talks on adjustments to the pay system and concluded a deal which kept Chrysler wages slightly under the industry average.

Today, Chrysler employees receive $13.23 an hour, some 6 cents less than workers in General Motors and Ford, its two larger competitors, raising the issue of parity in the current round of negotiations. With motor industry profits running at near-record levels and Chrysler flush with cash which it has been spending on acquisitions, the UAW argues that the company can afford to bring the pay of its workforce back to the overall industry level.

Neither side gave much indication yesterday of the issues that were dividing them, although Mr Owen Bieber, the UAW president, said that the "gulf separating us on key issues was simply too great for us to bridge." Mr Thomas Miner, Chrysler's chief negotiator, said that the company was well on the way to meeting the union's demands in the U.S. and had only to work out some minor points.

Mr Bieber who last year negotiated radical pacts at both General Motors and Ford, has been aiming to complete a deal at Chrysler which would be broadly in line with the contracts at the two larger companies.

This would mean relatively modest pay increases, partly in the form of bonuses that would not be built permanently into the pay scale, in return for some degree of profit sharing and greater job security than in the past.

The UAW president has also been trying to retain jobs within the company by putting a limit on the amount of work that Chrysler would be able to contract out to suppliers. In addition, he has hoped to bring Chrysler back into the same three-year bargaining cycle as its competitors, breaking the pattern that developed when the company was forced to drop out of the system.

Chrysler is believed to have made proposals that would meet the union's demands to some degree on most of these issues.

GM poised to acquire stake in Fiat's U.S. machine tool unit

BY TERRY DODSWORTH IN NEW YORK

SIG Umberto Agnelli, vice-chairman of the Fiat group, said yesterday that the Italian company expected to reach agreement within the next few days on a capital injection by General Motors into its Comau machine tool subsidiary in the U.S.

Sig Agnelli said in New York that GM would be taking a minority stake in Comau's U.S. operations so that it would have access to the company's technology, and "know what is going into Comau."

He did not say how much the American group was expected to invest, but he added that the sales of Comau's U.S. division were running at about £150m a year and that these were likely to increase rapidly.

Sig Agnelli's comments follow several weeks of speculation about the Italian group's negotiations on possible collaboration with European and U.S. motor manufacturers. Although Fiat has terminated talks with Ford on an ambitious project to merge their European activities, Sig Agnelli said yesterday that discussions were continuing with a wide range of manufacturers on other matters.

GM, the largest motor group in the world, is among those taking part in these separate talks, which are apparently ranging widely over projects that would generate economies of scale in vehicle assembly.

Motor industry specialists in the U.S. see the proposed collaboration between GM and Fiat as part of the American group's strategy of tightening its grip on automated factory technology. In the last few years, GM has pursued this target through acquisitions and joint projects, moving into robotics in partnership with Fanuc of Japan and into data processing through the acquisition of Electronic Data Systems (EDS).

The addition of Comau's expertise in the field of automated transfer equipment, where it is the acknowledged leader in the world motor industry, would add another building block in GM's plans to move to highly automated "paperless" factories – a process it is due to begin with the planned Saturn small car project in Tennessee.

Sig Agnelli, accompanied by Sig Giovanni Agnelli, his elder brother, the chairman of Fiat, was in New York as part of a tour which included a meeting with Wall Street analysts and a press briefing in Detroit.

He said that the visit was arranged for no specific reason and he stressed that the group had no immediate plans to move back in a large way into the American volume car market. He admitted that Fiat had been testing its Lancia range with a view to a possible launch in the U.S. at a later date. At present, Fiat exports only its Ferrari range.

CBI backs bleak report

BY JOHN LLOYD, INDUSTRIAL EDITOR

BRITAIN'S industrialists yesterday supported the main conclusions of the House of Lords committee's pessimistic report on the UK's manufacturing prospects.

Sir Terence Beckett, director general of the Confederation of British Industry, said after a council meeting at which the report, published on Wednesday, was discussed: "It is very important that we protect our manufacturing base. We've lost a lot of that base in recent years."

He said that the Government had been both hasty and wrong in its dismissal of the report by the Lords select committee on overseas trade, chaired by Lord Aldington. "I would have felt that the Government ought to have given themselves and others time to study it before they came out with that knee-jerk reaction."

The CBI's reaction was echoed by the British Chambers of Commerce, which recently published a report on UK manufacturing decline. Mr David Nicholson, director of the chambers' home section, said it agreed with the recommendation of the Lords report that industry and Government should use the National Economic Development Council, where the Trades Union Congress is represented, in order to attempt to find agreements over pay.

Sir Terence also said that he was disappointed that pay rises were running at too high a level. The CBI has recently proposed to its member companies that they settle for pay rises at 2 percentage points lower than last year, or about 4 per cent.

He added: "We already have an uncompetitive level of pay and we're digging ourselves into more trouble. One of the manifest effects of that is that we're going to employ fewer people."

Sir Terence praised the work of the Lords committee, saying it included a number of distinguished figures. "I do think they're addressing themselves to a very important problem."

He said that members who had responded to the CBI's current consultative exercise, Change to Succeed – which will be the theme of the CBI conference next month – had expressed similar views to those of the committee.

The trend of opinion was not to demand more of Government, but to demand more of industry. Government's role was important in setting a lead, he said.

Sir Terence said that he had a 90-minute meeting with Mr Nigel Lawson, the Chancellor of the Exchequer, over pay, at which Mr Lawson agreed with the CBI that the level of pay settlements – especially in the private sector – was too high.

Sir Terence also fired a warning shot at the Government over reports that gas, water and electricity prices might rise to finance tax cuts.

Brussels campaign on unemployment

Continued from Page 1

mental programmes in 1986 and by bringing forward the second phase of promised tax cuts from 1988 to 1987.

The Commission was not proposing a return to the idea of using the West German economy as a "locomotive" for European economic growth, because monetary expansion would be kept under control, and other EEC member-states would be urged to follow suit.

The report points to Britain, Denmark, the Netherlands and France as the countries still constrained from too rapid expansion, but which should be ready to follow the German lead.

The report's emphasis on the need for greater labour flexibility, restraint in the increase of real wages, greater wage differentiation and reductions of working time provided they do not raise costs, is all likely to be received with considerable suspicion within the trade union movement.

Herr Pfeiffer, a former West German union leader, said the unions would only be persuaded to go along with such a strategy if they in turn received assurances from employers and governments on the maintenance of demand and action to improve employment prospects.

British building society considers SE listing

By Clive Wolman in London

ABBEY National, Britain's second largest building society, is "strongly considering" seeking a stock exchange listing in London as a public limited company, Mr Peter Birch, chief executive, said yesterday.

Abbey is the first building society to disclose that it is formally considering ways to take advantage of legislation due in the next parliamentary session which is expected, among other things, to allow societies to change their ownership structure.

At present they have mutual status and are owned primarily by their depositors.

Mr Birch, who was speaking informally at a Financial Times retail banking conference, said that the attractions of incorporation were enhanced by the restrictions from which building societies would suffer, even after the legislation is passed, in comparison with banks.

He singled out for criticism the 5 per cent limit on the assets which building societies could deploy for unsecured lending and other more risky activities.

This limit, which was proposed in last year's parliamentary discussion document on building societies, is expected to be incorporated in the legislation which will take effect from January 1987.

By contrast, Mr Birch said, banks suffered from no such restrictions, other than those arising from the supervisory requirements of the Bank of England.

In his formal speech to the conference, Mr Birch said a proposed change in the status of a building society might lead to disputes over who would be entitled to its reserves. In Abbey National's case, he said, the reserves were valued at £750m ($1.05bn) or about £110 per depositor.

He suggested that the example of the Trustee Savings Bank should be followed and the reserves retained within the society for the benefit of the shareholders. At the same time, long-standing investors with a society could be given preferential treatment in the allocation of shares.

He speculated that the stock market might value a sound building society at about 10 to 12 times its annual after-tax profits. This would give the Abbey National a market capitalisation of £1.2bn to £1.5bn.

Mergers of building societies 'to rise,' Page 8

Central banks fail to halt rise of dollar

Continued from Page 1

pound lost 0.5 cents to close at $1.4080.

Dealers said demand for the U.S. currency was fuelled by speculation that the revised GNP figure would show American growth at around 3.5 per cent in the third quarter, up from the 2.8 per cent initially forecast by the Commerce Department.

The officials said that since the initial success of the intervention agreement in pushing the dollar lower late last month, co-operation between central banks had been hampered by a number of factors.

Paul Taylor in New York adds: After moving sharply higher in early trading, the dollar slipped back from its highs under the weight of the central bank intervention in a thin and nervous market.

It closed in New York at about DM 2.67 after reaching a peak of DM 2.693 and $1.414 against sterling – still ahead of the overnight close, but lower than the close in Europe.

New York traders echoed the belief that the Fed actively intervened in the markets to sell dollars yesterday, joining other central banks in an apparent move to hold the dollar down.

THE LEX COLUMN

My word is my Eurobond

The London Stock Exchange may believe that it can only win its uneven match against the Rest of the World XI if it is allowed to set the rules; little else can explain the exchange's determination that the game should be cricket when everyone else wants to play baseball.

Certainly yesterday's official response to the announcement by the AIBD/IPMA ad hoc committee suggested that the exchange has not fully understood what the game is about.

To tell the likes of Nomura and Merrill Lynch that they may be able to buy their places in the central market more cheaply rather misses the point. Both those firms could afford, if they chose, to buy the whole of the membership of the London market. The offer of cheap tickets will not be much of an incentive.

The stock exchange has always taken a haughty view of the Eurobond market and it is unlikely that either the AIBD or IPMA can be persuaded at this stage that the exchange loves them after all. The exchange's concern is of course not with Eurobonds but with international equities. But to distinguish, as it does, so clearly between the two again suggests that the point has been missed.

Not only is London experiencing a convergence between equity and debt instruments with the growing popularity of warrants and other whistles; the likelihood must be that, for wholesale customers, it is the Euromarket and not the London Stock Exchange which will provide the trading model. No-one wants a jungle and investor protection must indeed be assured, but that is largely a matter for the Securities and Investments Board.

Over the past 20 years London has developed as the leading market in international debt in spite of the stock exchange. If London has the opportunity to establish the same pivotal role in equities, it should not be inhibited by the stock exchange, the council of which is still trying to be all things to all members.

Sir Nicholas Goodison must at some point state more precisely where the exchange stands. Tonight at the Mansion House would be as good a time and place as any.

BHS

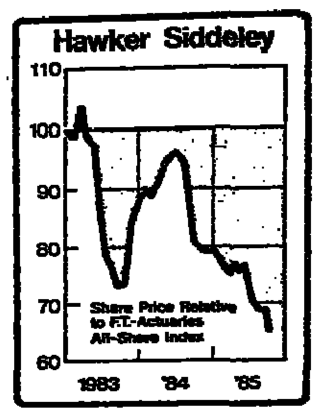
For the last few years it has been an act of faith to invest in British Home Stores; faith in the capacity of the new management to make the right decisions on store design and product ranges.

Shareholders have been rewarded by a price that has moved fairly steadily upwards, more or less in line with the FT All-Share index, but the group is still moving from being dowdy to being jazzy; and the jury is out on whether the jazziness is a hit.

Yesterday's interim results failed to prove the case one way or the other. Pre-tax profits of £17.5m were better than expected but closer inspection showed that a series of property transactions had clouded the figures. Sales, meanwhile, were only 7.3 per cent ahead. Turnover has suffered from BHS substituting low-volume, high-margin products for those which used to sell well but produced little profit. And like many other stores, BHS has been hit by unseasonal weather and lower spending power in the north of the country. But even these factors do not quite seem to account for the shortfall on the spectacular improvements the London markets had been expecting to see.

Over 40 per cent of the stores will have been refurbished by the year-end and most are equipped with the new product ranges. So the second half should tip the scales. Whether the shares – up 10p yesterday at 310p – deserve their prospective rating in the mid-teens will depend on the new-style BHS being able to entice shoppers to buy expensive Christmas presents rather than just woolly socks.

Hawker Siddeley



The stock market has become so accustomed to swinging the Hawker Siddeley share price around on the publication of figures that even fairly run-of-the-mill results can push the price into a new trading range. Yesterday Hawker produced a 10 per cent rise in pre-tax profits for the six months to June, which was pretty much in the middle of what the market had expected. The picture was admittedly confused by a switch to average exchange rates – which boosted reported profits by around £3m to £71.5m – but the market had fully discounted the currency effect by the end of the day, when Hawker shares were still showing a 28p gain to 407p.

The full-year figures could well produce the same sort of reaction. Forecasts range between £150m and £170m pre-tax for a company which, in some areas of its business at least, enjoys long lead times and a high measure of predictability. Not all of that £20m gap can be explained by differences in average exchange rate estimates.

If Hawker is misunderstood, which it appears to be, the group should be doing something about the problem. Yesterday it made an encouraging start by extending an invitation to analysts and the press, but the quality of disclosure is still woefully low. It is difficult, on the basis of the information provided, to determine whether Hawker is an old-fashioned engineer with a UK base which is declining in real terms or a more dynamic group which is developing high-tech, lighter engineering products and services.

It is no doubt a bit of both, but the group is having a good deal of difficulty in persuading the market that it can turn in above-average growth. With a dividend cover which looks remarkably generous for such a cash generative company, it is not surprising to see the shares trade on a lowish prospective p/e of between eight and nine, depending of course on the forecast.

Bowater Inc

The demerger of Bowater Corporation looks as sensible now as it did when the deal was announced in March last year. That is not just because shareholders have seen a higher return than they would otherwise, although the national capital appreciation of almost 30 per cent in the two Bowater vehicles combined (measured in sterling) might not have been matched by the old Bowater share price.

More important is the fact that, as promised, shareholders in the UK vehicle have seen a steady profit performance and a decent income, while the U.S. company has been far more cyclical. That may not always be good news – yesterday Bowater reported a 9 per cent drop in third quarter net income – but it is neither more nor less than shareholders could have expected.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	24	75	Dubrovnik	S	14	57	Malaga	S	25	77	Salzburg	S	13	55
Akrotiri	F	23	73	Faro	S	25	77	Malta	F	19	66	Seoul	C	19	66
Algiers	–	–	–	Florence	S	20	68	Manila	S	33	91	Singapore	C	31	88
Amsterdam	C	13	55	Frankfurt	C	11	52	Miami	S	29	86	Stockholm	F	16	61
Athens	F	15	59	Funchal	F	24	75	Milan	S	18	64	Strasbourg	S	15	59
Bahrain	S	34	93	Geneva	S	14	57	Moscow	C	7	45	Sydney	R	23	73
[illegible]				[illegible]				Munich	F	9	48	Taipei	S	33	91

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

U.S. to sue EEC over subsidies

Continued from Page 1

dent's spokesman, said yesterday that Mr Clayton Yeutter, the U.S. trade representative, would begin proceedings against the EEC under the Gatt. The procedure provides for bilateral consultations, conciliation and a dispute settlement panel, if all else fails.

While Gatt rules do not prohibit export subsidies on farm products they do bar the use of such subsidies to obtain more than "an equitable" share of world trade.

Mr Speakes said the EEC's export subsidies had encouraged Community farmers to overproduce, which depressed world prices and hurt U.S. farmers. He said the European share of the world wheat market had increased from less than 8 per cent in the early 1970s to 16 per cent now.

EEC wheat subsidies have been a source of U.S. concern since American wheat traders began losing their share in Third World markets. The U.S. export subsidy programme is aimed at the EEC's export markets. Except for two sales to Egypt, the much-heralded "export enhancement" scheme has failed to make headway against lower EEC prices.

Ivo Dawnay in Brussels writes: Community officials said that no formal notification of the U.S. action had been received last night and it remained unclear whether Washington was seeking bilateral talks or making a formal complaint through Gatt.

But it was added that efforts to hit Community grains sales would meet a swift tit-for-tat response.

Relations between the EEC and the U.S. over the trade in agricultural products have worsened markedly this year.

Brussels claims that its export programme is consistent with Gatt rules as financial support is not intended to extend its traditional share of the world market.

JOBS COLUMN

Latest indicators of executive pay levels

BY MICHAEL DIXON

ALONGSIDE is the latest batch of managerial pay indicators in the series which the Jobs Column regularly compiles from the surveys made by the Reward organisation. Readers with an antiquarian cast of mind might care to know that the first batch in the series appeared in this corner of the FT just over 10 years ago.

The survey from which today's figures are drawn was based on 15,577 items of pay information provided by some 600 companies in Britain, largely in industry. Inevitably I have room for only a small extract from the full report. Anyone wishing to know more should contact Reward's Bill Couldrey at 1, Mill Street, Stone, Staffordshire. ST15 8BA; telephone 0785 814554.

Most senior manager below rank of director* in:	Lower quartile Basic salary £	Lower quartile Total money reward £	Median Basic salary £	Median Total money reward £	Median (Basic year earlier £	Median Total year earlier) £	Upper quartile Basic salary £	Upper quartile Total money reward £
Advertising and public relations	19,930	21,416	24,254	26,092	(—	—)	29,177	29,177
Legal advice	16,627	17,543	21,101	21,311	(18,630	19,024)	24,627	24,627
Scientific department	16,350	16,688	19,321	19,801	(18,034	18,256)	23,094	23,434
Finance and accounting	16,721	17,000	19,292	20,000	(17,500	18,000)	23,448	24,198
Marketing	15,193	15,193	18,527	18,668	(16,311	16,775)	21,788	22,144
Company secretarial	15,300	15,600	17,750	18,142	(16,143	16,530)	21,504	21,779
Computing	14,338	14,500	17,750	18,000	(16,000	16,000)	20,350	21,124
Personnel	14,250	14,481	17,162	17,450	(15,121	15,675)	19,846	20,910
Research and development	14,260	14,295	17,040	17,194	(15,972	16,000)	20,871	21,190
Management services	14,020	14,367	16,980	16,980	(15,426	15,426)	22,144	22,144
Sales	14,644	15,000	16,763	17,602	(15,000	15,637)	19,942	21,019
Purchasing	13,843	14,716	16,000	16,117	(13,500	14,075)	17,500	18,395
Engineering	14,508	15,000	15,797	16,286	(15,000	15,360)	18,209	18,448
Administration	13,000	13,379	15,588	16,595	(14,368	14,498)	19,755	20,493
Production	13,453	13,646	15,400	15,600	(14,500	14,750)	18,132	18,887
Quality assurance	13,064	13,700	14,730	15,060	(13,000	13,000)	15,717	17,825
All top-rank managers	14,500	—	17,000	—	(15,420	—)	20,442	—

* In smaller companies could rank as director, otherwise reporting directly to board level.

The managers to whom my table refers are all of similar rank even though they are engaged in 16 different kinds of work. They rank immediately below director level in their particular specialism except in the case of those in small companies, who may be on the board while still doing the same type of job.

Reading from the left, the table's first two columns of figures give respectively the basic salary and then the total rewards received in cash of the lower quartile managers in each job category. These are the people who would be a quarter of the way up from the bottom in a ranking of all the executives in the category concerned.

The next four columns refer to the median managers who would be half way up the ranking in each case. The first pair of columns give the basic salaries and total money rewards as revealed by the most recent survey. The next pair, in brackets, give the corresponding medians as shown by the survey made in the late summer of 1984.

The two columns on the far right bring us back to this summer, and show the basic salary and total pay in cash of the upper quartile managers who would be a quarter of the way down the ranking of all the executives in their particular category.

Before anyone uses the table to make personal comparisons, there are several important things to be borne in mind.

One is that pay changes over time. All of the figures should be increased by about 2 per cent to take account of movements since the survey information was collected.

A second is that rewards also vary from region to region of the country. Compared with the overall median basic salary of £17,000 for all the managers covered by the table, the medians for the different regions varied as follows: Higher—Greater London by 17.4 per cent, Scotland including the Aberdeen area by 8.2, and South-east England by 2.7 per cent. Lower—North-west England by 3.6 per cent, the North-east by 5.2, the South-west by 8.2, Eastern counties by 8.8, and West Midlands by 16.1 per cent.

A third caveat is that pay tends to differ according to the size of the employing organisation, which can of course be measured in various ways.

Taking turnover as the yardstick, the differences from the overall median basic salary of £17,000 were: Lower — companies with annual sales up to £5m by 11 per cent, £5m to £15m by 4.3, £15m to £40m by 4 per cent. Higher — £40m to £100m by 11.2 per cent, and £100m-plus by 23.5.

Measuring size by total numbers of employees, the corresponding differences were: Lower — companies with up to 200 people by 4.4 per cent, with 201 to 500 by 7.1, and with 501 to 1,000 by 1.9 per cent. Higher — companies with 1,000 to 4,000 employees by 13.2 per cent, and those with more than 4,000 by 23.5.

But the most important thing to bear in mind is that salary surveys can provide at best a very rough indication of the real state of pay. They take their data from particular samples of organisations which differ in the balance of their sizes, locations and so on, and the survey findings differ accordingly.

For example, by comparison with the results of the Inbucon management consultancy's survey made around the same time, the Reward figures appear low. Inbucon's overall lower quartile basic salary for managers of similar rank was 11.6 per cent higher than the £14,500 given in the table, the consultancy's overall median was 16.3 per cent higher at £19,773 and its upper quartile was 20.6 per cent up at £24,661.

It is impossible to say for sure which of the two surveys is the better reflection of reality.

Even so, whether or not Reward's latest findings are on the low side, they are certainly higher than the figures produced by its first survey which this column reported a decade ago. That showed, for instance, median basic salaries of £3,300 for company secretaries, £4,500 for marketing managers and a princely £5,000 for computing chiefs.

Germany

DO YOU KNOW who head the pay league in West Germany? Dentists. And who would you think come second? Patent lawyers. Or so I am assured, at least, by reader Richard Rockingham-Gill who works for an old established firm of patent attorneys in Munich.

He seeks a first-class electronics engineer expert in using the English language to join his organisation which will provide the training the newcomer will need to qualify as a European patent lawyer. Demand for the breed is growing fast, Mr Rockingham-Gill says, "with more and more work coming in from the U.S., Japan, the USSR as well as Germany and many other countries."

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Inquiries to Daphnestrasse 21, 8000 Muenchen 81; tel 91 85 13.

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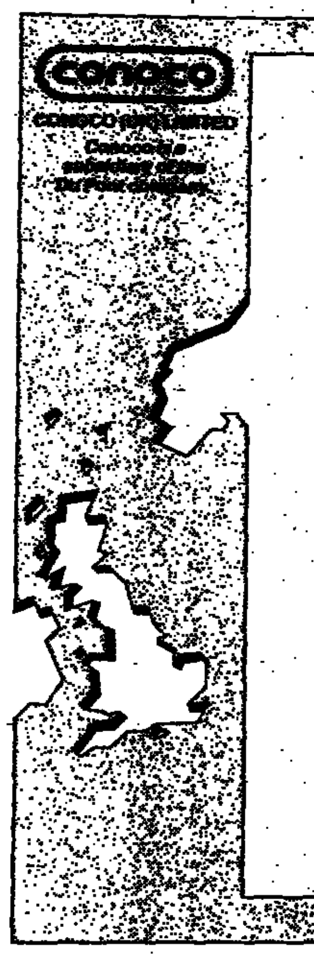

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... Challenging role for a high achiever

Central London

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Jonathan Wren

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- The evaluation of the property.
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- Analysis of company balance sheets through to credit proposals.
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Please contact ***Brian Gooch*** *or* ***Jill Backhouse.***

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BARINGS

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ASIAN DEVELOPMENT BANK

The Asian Development Bank is an international development finance institution established for the purposes of lending funds, promoting investments and providing technical assistance to developing countries and generally, for fostering economic growth in the Asian-Pacific region. Its membership comprises forty-five countries, thirty-one of which are from the Asian-Pacific region and fourteen from Western Europe and North America. The Bank's Headquarters is in Manila, Philippines.

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MANAGER - PRIVATE SECTOR ASSISTANCE DIVISION

US$56,000 to US$73,000 plus attractive fringe benefits

The Division has recenty been established in the Industry and Development Bank Department to promote the Bank's operations in the private sector in developing member countries. The Manager will report to the Director and Deputy Director of the Department.

The appointee will manage a multi-disciplinary and multi-national group of professional staff who will be responsible for the promotion, appraisal and administration of projects for loans, equity investments and technical assistance in the private sector. The Manager will coordinate all Bankwide activities and policy formulation pertaining the Bank's private sector operations. Important aspects of the position will be the promotion of private sector initiatives and the maintenance of close relationships with private sector organizations in developing member countries.

We are seeking a person with an advanced university degree in Management, Economics or Finance with ten to fifteen years of work experience with a substantial part in policy analysis, project evaluation and implementation of venture capital/investment (merchant) banking, preferably in developing countries. Good communication skills, including fluency in English are required. Candidates with a sound knowledge and experience of private sector projects in the Asian-Pacific region in the service, production, extractive and agri-business areas are preferred.

The appointee will be based in Manila. Frequent international travel to member countries is required.

An attractive salary paid in U.S. dollars, normally free of tax, will be negotiated, depending on qualifications and experience. In addition, attractive fringe benefits such as housing assistance, education, dependency and settlement allowances are provided.

Interested persons are invited to send their curriculum vitae immediately to:

REF. NO.: UK22
Head, Employment and Staff Relations
Asian Development Bank
P.O. Box, 789, Manila, Philippines.

Innovative and Mid 20's?

Develop in Merchant Banking

Benefit from a wide range of challenging and creative work in the Banking and Investment Division of this leading UK Merchant Bank. You will be given early responsibility and your progress will depend entirely on your ability.

Clients range from small businesses through to multi-nationals and government organisations with the emphasis on providing individual solutions to specific client requirements. The diverse range of products marketed includes development capital, medium and long term lending, project finance and specialist products such as tax based finance.

As an executive officer you will be a member of a small team headed by a Director. You will be involved in all aspects of a portfolio of cases including monitoring existing cases, identification of target companies, marketing to new and existing clients, credit appraisal, structuring of deals and all documentation. The need to advise clients on the most appropriate method of financing means that you will work closely with colleagues from other parts of the organisation.

A good honours graduate with two or more years' successful work experience, you probably embarked on a career in banking, accountancy, commerce or law. However, the essential prerequisites are creativity, numeracy, literacy, personality and determination.

The package will include a competitive salary, subsidised mortgage, non contributory pension scheme, luncheon facilities and interest free season ticket loan. Please write giving brief details of your background or telephone for an application form to Barbara Lord, Senior Consultant, Cripps, Sears & Associates Limited, Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Tel 01-404 5701.

Cripps, Sears

COMMERCIAL BANKER

S. W. London Travel c£25,000

Our client, a major U.K. based Financial Institution is seeking a mature commercial banker to head up a unit which has responsibility for Letters of Credit, credit limits and funding activities.

Reporting to a Senior Director, the post entails responsibility for staff in three regional support teams. Sound managerial skills will be necessary to contribute to the development and control of organisation and staffing matters within the department.

The successful candidate should have good negotiating and self-presentation skills so that existing relationships with established clients and banks both in the U.K. and abroad can be developed.

If you have a sound education and banking experience gained over several years in an internationally orientated environment preferably including a period working abroad then I will be pleased to discuss this interesting opportunity with you in strictest confidence.

Please write to or telephone (quoting reference 10/355)

Derek Burn at MCP Consultants

MCP Management Consultants

FINANCIAL SECTOR HUMAN RESOURCES

Halton House
20-23 Holborn
London - EC1
01-405 9001

UNION BANK OF FINLAND

CAPITAL MARKETS DESK

SALESMAN TRAINEE

Due to the continued expansion of the London Branch of Finland's leading international bank, we are looking for an additional experienced salesman and a trainee.

In London, we are trading mainly in Floating Rate Notes and other debt of Scandinavian names and in Finnish equities. We are looking for persons with a mature outlook and in-depth knowledge of the various financial instruments.

The successful candidate, either male or female, for the more senior post will probably have had some years' experience in a similar capacity at a major securities house. The trainee will probably have some experience in a bond house, stock-broker's office or similar institution.

Salaries will be competitive with usual bank benefits.

Apply with full c.v. to:—
David Ramage
Assistant Manager, Capital Markets
UNION BANK OF FINLAND LTD
46 Cannon Street, London EC4M 6JJ

BANK OF NEW ENGLAND NA

Credit/Marketing Officer

Bank of New England, London Branch, is seeking one person of graduate calibre who has residential status in the United Kingdom, probably aged between 24-30 to join its small but ambitious Credit and Marketing Department. The position requires at least 18 months' experience in the analysis, presentation, implementation and review of credits, preferably acquired in an American bank. There will be substantial customer contact. Marketing will initially concentrate on the United Kingdom, possibly spreading to other European countries at a later date.

A competitive remuneration package will be offered.

Applicants with the necessary minimum or higher qualifications should write, enclosing a detailed CV, including current/expected salary, to:

Ms Catherine L Devlin
Vice President and Branch Manager
Bank of New England NA
Licensed Deposit Taker
Veritas House
119 Finsbury Pavement
London EC2A 1NQ

EXECUTIVE JOB SEARCH

Are you earning over £20K and seeking a new job?

The Connaught Services have helped more executives to find new appointments than any other organisation — mainly in the unadvertised vacancy area.

Contact us for a free confidential meeting. If you are currently abroad, enquire about our EXPAT EXECUTIVE SERVICE.

32 Savile Row
London, W1

Connaught

01-734 3879
(24 hours)

The Executive Job Search Professionals

INVESTMENT SPECIALISTS

We have recently strengthened our investment sector activities by establishing an Investment Division.

A number of our clients have retained us for assignments in areas such as —

• U.K. Equity Analysis • Institutional Sales
• Fund Management

If you are actively seeking a move, are curious or simply wish to be kept in touch with any particularly interesting opportunities, please contact Stephen Embleton or Elizabeth Evans.

Rochester Recruitment Ltd., 22 College Hill, London EC4R 2RP
Telephone: 01-248 8346

MARKETING OFFICER

ASIA DIVISION

Our Client, the rapidly expanding London Branch of a North American Bank, is seeking an executive to join its Asia Division.

Aged 25 to 35, candidates should be well educated with experience of trade finance related products within a banking environment and an appreciation of the associated risks.

Reporting to the Division Head, the successful candidate will assist in calling on potential clients in the UK and maintaining existing relationships. This is an exciting opportunity for an ambitious person to make an early impact within an expanding area.

At attractive salary plus full range of banking benefits will be offered.

Please telephone or write enclosing a full C.V. to **Richard Skeels** *at the address below. All applications will be treated in strictest confidence and a candidate's identity will not be disclosed without prior approval.*

Skeels Associates
Bank Recruitment Consultants

The International Business Centre
2 London Wall Buildings
London Wall London EC2M 5PP
Tel: 01-628 4200

MANAGEMENT SERVICES EXPERT

c. £31,000

Applicants with wide experience of management services and the implementation of organisational change are invited to apply for a senior post (Under-Secretary) in the Export Credits Guarantee Department. The post is based in London but will involve frequent visits to Cardiff where half of ECGD's headquarters is based.

THE JOB

ECGD is a Government Department mainly responsible for insuring exporters and their financiers against bad debts. Following a management review, the Department is seeking candidates for a new post of Head of the Management Services Group. The post-holder would assist and be directly responsible to the Head of the Department in the co-ordination and implementation of a programme of organisational change. They will assume responsibility for all Information Technology requirements and other services. This will include the development and enhancement of existing management information systems and the creation of the new systems for handling business and techniques for assessing risks which lie at the heart of proposed changes in the Department's organisation and operations.

EXPERIENCE

Candidates should have a successful record of implementation of organisational change based on new technology preferably in the insurance or finance-related industries.

TERMS AND CONDITIONS

The salary scale for Under-Secretary in the Civil Service is £31,000-£32,433, rising to £34,000 on 1 March 1986. A salary above this could be considered if necessary for someone with exceptional qualifications or experience. An appointment of some three years is envisaged either on contract or secondment.

APPLICATION

Applications, with curriculum vitae, should be sent to J. Gill, The Secretary, ECGD, P.O. Box 272, Aldermanbury House, London EC2P 2EL, to arrive no later than Friday, 1 November, 1985.

All applications will be treated in confidence.

THE CIVIL SERVICE IS AN EQUAL OPPORTUNITY EMPLOYER

SCOTLAND OR LONDON

SENIOR INSTITUTIONAL PORTFOLIO MANAGER
UK Equity sector required to market investment performance to pension fund trustees. Age up to 40. Package circa £40,000.

GILT SALESPERSON
Our client requires a B-oker with a minimum of 3 years' client liaison experience. Age up to 30. Package circa £30,000.

PRIVATE CLIENT PORTFOLIO MANAGERS
We have several clients who are expanding their private client operation. Minimum 2 years Analyst/Management experience. Age open. Packages from £15,000.

TRAINEE INSURANCE ANALYST
Part of fully qualified Actuary required to join Insurance Team. Position includes 2-4 weeks' overseas travel. Age up to 30. Package circa £15,000.

Contact: Richard Fletcher
C J EXECUTIVE
Search and Selection
9 South Charlotte Street, Edinburgh Tel: 031-225 7531

LONDON STOCKBROKERS PARTNER'S ASSISTANT

Partner with substantial private client business requires an assistant to work with him on a commission sharing basis. The successful candidate is likely to be a Member in his late twenties or thirties with several years' experience in advising private clients and will have some existing clients of his own.

Please write with details to Box A9157, Financial Times, 10 Cannon Street, London, EC4P 4BY.

MEMBER DEALER

Our clients, a medium-sized firm of stockbrokers, are seeking a Member Dealer, age 25/35, to join their established team. Usual benefits, salary commensurate with experience, bonus scheme. Write with cv, in the first instance to:

WALTER JUDD LIMITED (Ref: L710).
(Incorporated Practitioners in Advertising)
1a, Bow Lane, London EC4M 9EJ

Accountancy Appointments

Group Financial Controller

Exceptional Challenge

Central London

c. £30,000 + Car

This will prove to be the toughest, yet most exciting and satisfying job in your career to date. The group is growing rapidly and successfully, entrepreneurial in style, driven by the profit motive and tightly controlled. Development and acquisitions have made it a major British multinational.

The objective of this senior position is to leave the Finance Director free from day to day involvement by leading a professional head office team. The challenge is to meet all deadlines for financial and management information while playing a major role in systems development and confidential projects. Success will be measured by your ability to represent your company, outgrow the job and justify promotion.

Candidates must be qualified accountants who can demonstrate outstanding ability through academic success and rapid promotion. Personal qualities of commitment, integrity, maturity and confidence are essential. Age range: early 30s.

Please apply in confidence in your own handwriting, giving concise career, salary and personal details and quoting Ref. ER816/FT to S. Orwin, Executive Selection.

Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Financial Controller

City **c.£25,000**

Our client is a recently established operation in the financial services sector of the market, based in the City. They intend to expand rapidly, both in the UK and overseas through organic growth and acquisition, and now wish to recruit a financial controller who will report to and work closely with the entrepreneurial executive chairman.

Prime tasks will include developing tight financial controls, monitoring closely company performance and cash flow, introducing and developing computer based systems and working with the chairman on acquisition and joint venture appraisals.

Applicants, preferably graduates, must be qualified ACA/ACCA and ideally aged late 20's. They must be highly intelligent, well motivated self starters who are able to match the challenge offered by this growing business. Salary is negotiable around £25,000 p.a., plus car and a good benefits package.

Please write in confidence, with full career details, quoting ref. 6823/L, to J. W. Hills, Executive Selection Division, Peat Marwick Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

ACCOUNTANCY APPOINTMENTS appear every THURSDAY

for further information please contact LOUISE HUNTER on 01 248 4864

Marketing Officers

Prestigious International Bank

Salary Range £17,000-£30,000

There are few banks held in greater respect, either here in the City or elsewhere throughout the world's financial centres. Its London operation is strong and successful having earned an enviable reputation, offering corporate finance assistance to some of the UK's most prestigious companies. This year, further considerable expansion is planned and they are now seeking to add, yet again, to their Corporate Finance team. We have been asked to identify several Marketing Officers who, by their qualifications, experience and style will match in with the bank's existing team.

We wish to hear from international bankers, aged from 25 through to their late 30's with a degree (and ideally a business qualification) whose background includes extensive calling and credit analysis experience. An established reputation and contacts with the right companies will be valuable both in their own right and as an indication of the operating style and level which is crucial if you are to make the contribution envisaged.

For the right candidate, salary will not be a limiting factor; realistically, however, we believe a range of between £20,000-£25,000 is probably appropriate for most of our target group. In one case, however, for a superbly experienced and high calibre Officer in the mid to late 30's, the bank is prepared to pay up to £30,000.

Please write with full career details to Brian Luxton quoting Ref: 6806.

Mervyn Hughes Alexandre Tic (International) Ltd.
Management Recruitment Consultants

37 Golden Square, London W1R 4AN.
01-434 4091

Investigations – Oil Industry

Central London
£18,500 package

An opportunity has arisen with our client, a leading international company, for a recently qualified ACA or ACCA who would feel comfortable working in a predominantly non-accounting environment on investigations within the UK group. Based at head office the role would suit an applicant who has had some exposure to computerised systems and who is currently in one of the top ten accountancy firms, although applicants from an industrial background will also be considered.

This is a key appointment which carries great potential for progression within the group.

The salary package includes a very attractive car scheme.

Interested applicants should phone Eileen Davis on 01-734 0493 or write enclosing a current c.v. to the address below quoting reference 1340.

Robert Walters Associates
Recruitment Consultants
54-62 Regent Street, London W1R 5PJ Telephone: 01-734 0493

Financial Director

Hampshire (Close to M3) **over £30,000 + Car**

Our client has a turnover around £90 million and employs 1000 staff in the design, marketing and support of technologically advanced engineered products and systems.

The Company, a profitable subsidiary of a large British group, operates in internationally competitive, high-growth markets and conducts its business through subsidiaries in UK, associates in USA and distributors in the Middle East and in Africa.

The Financial Director will report to the Managing Director and should:

- be a qualified accountant, aged between 33-42
- hold a financial director or controller responsibility in a successful, market-oriented company, having some export or overseas business, engaged in the manufacture of, *for example, light engineered or electronic or consumer durable or automotive* products.
- *have gained previous industrial accounting experience in a major international* company, probably as a management accountant or financial planner in an operating unit or division.
- have a keen interest in making the business grow; and be able to keep pace with a *board composed of strong, assertive personalities.*

Further prospects are very good; so too are group security and pension benefits.

Removal costs will be met and help given with other problems associated with re-location.

Initial meetings will be arranged locally, outside office hours if necessary.

Resumes should be sent to John Hearn (or telephone for a short application form) at this address:

Hearn Healy & Partners
Management & Recruitment Consultants
Westmorland House, 127 Regent Street, London W1R 7HA. Tel: 01-734 6267

Accountant/ Branch Administrator

London
£15,000 to £20,000

Our client is an international cancer research organisation with ten branches world-wide. It is now in the process of setting up a further branch in central London and requires an Accountant/Branch Administrator.

You will be responsible for:

Financial and cost accounting of the branch.

Quarterly reporting to *head office as well* as the year end reporting.

Salary accounting and personnel matters.

The purchasing function.

Miscellaneous administrative matters.

The administration and accounting functions are carried out on an IBM PCXT.

Ideally you will be a trained accountant (although not necessarily qualified) or an administrator, and should have mini/micro computer accounting experience.

Applicants who are able to demonstrate initiative, and the ability to work without direct supervision should supply a full CV, including current salary to Barrie A. Whitaker, **Executive Selection Division, Price Waterhouse, Management Consultants, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting reference MCS/5048.**

Price Waterhouse

Polygram International

Management Accountant

London W.1.

PolyGram is one of the world's largest entertainment software companies operating in over 30 countries, involved in the manufacture and marketing of records, cassettes, compact disc and video.

We wish to appoint an international Area Controller in our international Head Office based in Berkeley Square. Reporting to the Vice President Finance, the person appointed will be part of a small team concerned with the worldwide development and implementation of financial and administrative policy. Additionally, you will have specific responsibility for supervising the administrative and financial affairs of a number of our operating companies in Latin America and Southern Europe. This will include determination *of operational budgets, forecasts and financial analysis* and the provision of financial guidance to our Board.

Applicants should be qualified management accountants with a flair for management problem solving and excellent communication skills. An understanding of *commercial law supported by experience in the music* or entertainment industry at management level would be expected. A working knowledge of languages, particularly Spanish, would be an advantage. Considerable overseas travel will be involved.

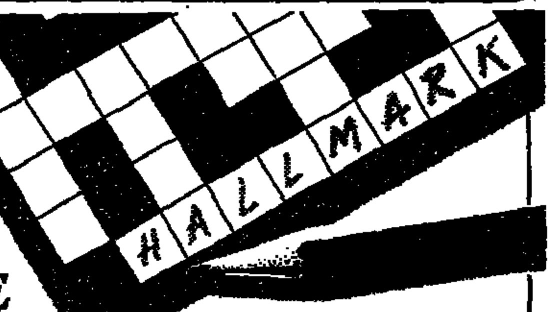
Remuneration and other conditions of employment, which include contributory pension fund, 5 weeks annual holiday and company car, will reflect the seniority of this position.

Brief resume of qualifications and experience to date *should be sent to:*

Miss S. M. Mitchell, Personnel Manager, PolyGram International, 45 Berkeley Square, London W1X 5DB.

PolyGram

ASTUTE YOUNG ACCOUNTANTS HAVE THE CLUE



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NAME
ADDRESS
POSTCODE
FT 14/10

HALL-MARK
The Appointments Register

London House, 271-273 King St, London, W6 9LZ

ASSISTANT FINANCIAL CONTROLLER

Aberdeen **c.£20,000 plus car**

Oceaneering International Services is the United Kingdom's largest independent contractor providing diving, underwater, survey, geochemistry and engineering *and inspection* services to the offshore industry.

Based in Aberdeen and reporting to the Regional Financial Controller, this position calls for a highly motivated and flexible individual capable of quickly assuming the responsibility of accounting for the region's underwater services activities and managing a small but *professional team operating in a rapidly* changing environment.

Applicants will be qualified accountants, ideally aged in their late 20s or early 30s with broad based accountancy and control experience in an engineering contracting industry. Experience of international operations would be a definite advantage.

This position offers excellent opportunities for further advancement either within the finance *function or for the right individual* in a general management role.

Applicants should forward a full CV to Steve Olive, Director of Personnel, Oceaneering *International Services Limited,* Queen's House, 2 Holly Road, Twickenham, Middlesex TW1 4EG.

OCEANEERING

GERALD METALS LIMITED

As a well-established international commodity broking company, we are *seeking to recruit two professionals* to enhance the running of our Accounting Department.

FINANCIAL ACCOUNTANT

Reporting to the Financial Controller, the Financial Accountant will be responsible for the day to day running of the accounting function, producing month-end and statutory accounts. He/she will also become involved in the development of all accounts base *systems*. An ACA qualification, with 2-3 years' post-qualification experience, are required, as well as enthusiasm and the ability to work under pressure.

CASHIER

The Cashier will control the Company's cash accounting in both sterling and foreign currencies. He/she will need the ability to work methodically and, at times, under pressure. A professional accountancy *qualification* is essential, along with a minimum of 5 years' experience and a knowledge of forex.

Experience in the commodities field is preferable, but not essential for both positions.

In addition to a career in *the exciting world of commodities*, limited only by one's own ability, we offer a very attractive remuneration package.

In the first instance please send full CV to Ros Gascoigne, Gerald Metals Ltd, Europe House, World Trade Centre, St Katherine by the Tower, London E1 9AA.

Accountancy Appointments

Accountancy Appointments

Accountancy Appointments

Financial Director

West London — **c£30-£33,000 + car**

Our client is a highly successful business, turnover around £80 million and profitable, the subsidiary of a major British public group.

The Company operates in a fast-growing market involving the supply of personal and consumer products and services mainly to large commercial customers and to government agencies.

The management style is entrepreneurial and fast-reacting, with business conducted through subsidiaries or joint venture companies covering Europe, Africa, North America, the Middle and Far East.

The Financial Director will report to the Managing Director and should:

- be a qualified accountant, aged between 30-38
- hold a senior financial management responsibility – director, controller, or possibly financial planning manager – in a sizeable business, possibly part of a large group.
- have some relevant financial and commercial exposure to overseas business, preferably in a large organisation operating internationally in, for example, f.m.c.g., electronics, engineering, or contracting.
- be an effective manager; commercially oriented; decisive.
- be prepared for some overseas travel.

Future pospects within the Company and the parent group are quite outstanding.

The usual large group security benefits apply; removal costs will be met and help given with other problems associated with re-location.

Initial meetings will be arranged locally, outside office hours if necessary.

Brief application should be sent to John Hearn at this address:-

Hearn Healy & Partners
Management & Recruitment Consultants
Westmorland House, 127 Regent Street, London W1R 7HA. Tel: 01-734 6267

Financial Director

Midlands

This successful private manufacturer of knitted goods has established itself as a market leader in the underwear, leisurewear, sleepwear and babywear markets, and is a supplier to a major high street group. It expects to continue its profitable expansion in the near future.

In order to strengthen the management team, the company requires a financial director to develop and advise on financial and commercial policy. Working closely with the group's senior executives, the primary targets will be to achieve the growth of group profitability and maintain tight financial control over the group's assets and operations.

Candidates should be qualified accountants, aged around 40, who have gained significant financial management experience in an industrial environment, and are fully conversant with legal matters. They should be able to integrate themselves successfully into a strong management team and have a practical approach to business development and problem solving. Experience gained in a textile or clothing manufacture environment will be an advantage.

The rewards for this challenging position will be a high base salary, an executive car, pension provision and assistance with relocation if appropriate.

Please write in confidence to J P Cornish (ref 3311).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Financial Director

£25k (negotiable) + Car — **Essex**

Your brief will be to provide wise counsel and act as a sounding board for the Chairman of an ambitious public company, who are expending by organic growth and acquisition. You will need flair and initiative to control and finance their expansion, involving liaison with the City, Professional Advisers and Share Holders. The Company have an open and informal management style.

Accounting Manager

£20k (negotiable) + Car — **Herts**

You will supervise a large staff, responsible for the day to day accounting routines, and prepare financial and management accounts to tight US deadlines for a UK sales and marketing subsidiary, in the computer industry, which is part of a large US corporation.

You must be a self starter who has gained previous experience of working within a US-company, either in the computer or electronics industries.

Please telephone, in confidence, Andrew Cook for more details or send your full CV. (out of hours 0442 67661).

Management Personnel
Recruitment Selection & Search
105 St. Peter's Street, St. Albans, Herts.
Telephone: (0727) 35116

Truman Miles

Management Recruitment Consultants

ACA'S for Merchant Bank

A respected City House, in the forefront of today's financial service markets, offers an accounting introduction to graduates aged 25-27. Application is not restricted to just the large London Offices, or to Bank Audit experience.

A mortgage subsidy and relocation assistance is provided amongst traditional benefits, together with a good initial salary for these appointments as Chief Accountant of a specialist subsidiary or to the Audit and Investigations team.

The Bank has an excellent reputation for providing career advancement opportunity and will give early recognition to ability and ambition.

Call or write, in confidence, to
Bob Miles 01-248 2002/3
and 01-568 0085 (Home)
10/11 Bishops Court, Old Bailey
London EC4M 7EL

GROUP CONTROLLER

London (City) — **c. £20,000 + car**

Our client is a prestigious British Public Group (T/O £200m), a recognised leader in the provision of a wide range of communication services.

Continued growth and reorganisation has created this position which requires a graduate Chartered Accountant, aged 28+, with first-class professional and commercial experience.

Based in the Head Office and reporting to the Group Finance Director he/she will monitor the financial performance of subsidiary companies, produce monthly reports for the Board and interim and annual accounts to the highest professional standards. Responsibilities also include the development and management of Group financial forecasting and reporting procedures to ensure the regular provision of financial information.

Candidates for this key role must possess the personal qualities and professional skills necessary for effective liaison with external professional advisers and senior management within the Group.

Applications under Ref. No. RC 230 to:

Miss Marion Williams, Extel Recruitment,
4 Bouverie Street, London EC4Y 8AB. Tel: 01-353 5272

Extel Recruitment Executive Selection Consultants

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Finance & Administration Manager

Northern Home Counties, ***c. £23,000, bonus, quality car***

Part of a progressive international group, this £30m turnover company sells a highly successful range of materials for the printing, packaging and sign trades. Promotion of the present jobholder creates a requirement for a versatile qualified accountant, probably early 30s, with at least three years commercial experience, ideally gained in a sales and marketing organisation. Reporting to the General Manager, responsibility is for accounting, sales administration, data processing, inventory control, and physical distribution. The person appointed will spearhead the drive for increased efficiency by extending the application of automated systems throughout the company. Willingness to work as part of a team, and ability to relate to customers, are essential. Excellent career prospects and first-class benefits complete an attractive package.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to *S.P. Spindler,* **Hoggett Bowers plc,** *36 High Street, Eton,* **WINDSOR,** *SL4 6BD,* **0753 850651,** quoting *Ref: 24025/FT.*

Senior Accountant – Special Projects

LONDON — **£18,400 – £20,900**

British Gas wishes to appoint a Senior Accountant in its Finance Division Headquarters in London.

The post will cover a wide variety of work associated with the appraisal and control of capital and revenue expenditure. Duties will include development of computer based financial control systems and procedures, financial appraisal of projects and special duties and investigations which arise from time to time.

The successful applicant should have a professional accountancy qualification together with experience in the design and development of computer based financial control systems. Experience of financial appraisal would be an advantage. The post is based at Holborn, but will entail some UK travel.

Apart from a competitive salary we offer excellent benefits and working conditions including relocation assistance where appropriate.

To apply, please write with full personal and career details, quoting ref. FIN/10875/004, to: Senior Personnel Officer [HQ Services], British Gas, 59 Bryanston Street, London W1A 2AZ.

BRITISH GAS
an equal opportunities employer

DEPUTY MANAGERS

ACA's—CITY — **PACKAGE NEGOTIABLE TO £22,000+CAR**

Our client is a DOMINANT force in the U.K. INSURANCE MARKET and has 2 vacancies at different levels for KEY POSITIONS dealing with the affairs of LLOYD'S BROKERS AND SYNDICATES.

Whilst knowledge of the insurance industry and Lloyd's in particular is considered a major advantage, a good track record including time spent with a major U.K. PROFESSIONAL FIRM as a SUPERVISING SENIOR, ASSISTANT MANAGER or MANAGER is more important.

The successful candidates will have staffs of 8 and 2 respectively and therefore good interpersonal skills and staff control experience are vital.

The wide scope of the work, some of which is ABSOLUTELY FASCINATING, will stretch the abilities of most applicants but in turn offers first class experience and excellent CAREER PROSPECTS.

Please telephone and send your C.V. to
GEORGE D. MAXWELL,
Managing Director,
ACCOUNTANCY APPOINTMENTS EUROPE,
1-3 Mortimer Street, London W1
Tel: 01-580 7695/7739 (direct)
01-637 5277 ext 281/282

Accountancy Appointments Europe

Divisional Financial Controller

Rural West Midlands — **c. £20,000 plus bonus and car**

Our client is a £50 million division of a major international Company with operating Companies in the UK and Western Europe.

Reporting directly to a dynamic and demanding Chief Executive, the job holder will be responsible for the overall management of the Division's financial and DP resources and therefore, capable of maintaining a positive functional presence and effective communications with operating Company-Managing Directors.

Aged ideally 30-40 years, candidates must be professionally qualified, self motivated, and be able to demonstrate the ability to work in a demanding environment.

An attractive salary in the region quoted will be offered, together with normal benefits associated with a major employer.

Interested candidates should forward a comprehensive CV quoting Ref No. 5164 to The Jackson Taylor Partnership Ltd., Hibel House, 2 Hibel Road, Macclesfield, Cheshire SK10 2AB.

Please list separately any companies to whom you do not wish your application forwarded.

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In the first instance please write enclosing full c.v. to:
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Please write in confidence with a c.v. to Ian Laing MA, MSc, Managing Director, Lansdown Estates Group Limited, Milton Trading Estate, Milton, Nr Abingdon, Oxon OX14 4RR, telephone Abingdon (0235) 831606.

Lansdown Estates Group Limited

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday October 17 1985

Continental Illinois still on track for recovery

BY PAUL TAYLOR IN NEW YORK

CONTINENTAL Illinois, the Chicago-based banking group rescued last year with a $4.5bn federally-sponsored bail-out, made further progress in its return to financial health during the third quarter, dramatically reducing its "safety net" borrowings from the Federal Reserve and a group of 28 banks and posting operating net earnings of $59m, or 22 cents a share.

An extraordinary $23m net charge, related to tax accounting, resulted in final earnings of $35.8m, or 13 cents. Net earnings were $39.3m, or 14 cents, in the first quarter and $37.3m, or 13 cents, in the second quarter of 1985.

Year-to-year comparisons are not meaningful because of the financial restructuring which took place a year ago, under which the Federal Deposit Insurance Corporation (FDIC) took control of the group and agreed to assume responsibility for up to $3.5bn of problem loans.

Mr John Swearingen, chairman and chief executive, said: "In the year since the restructuring, we have made substantial progress in reducing our dependence on special funding arrangements, although our earnings continue to suffer from the premiums we pay for funds. During the year we also strengthened and realigned our staff to better serve our customers."

Mr Swearingen noted that a year ago Continental Illinois' borrowings from the Fed and the group of commercial banks were in excess of $9bn. At the end of September these supplemental borrowings were less than $1bn.

Third-quarter net interest income fell to $163m, down $17m over the second quarter, reflecting a decrease in both the net interest margin and average earning assets to $25.1bn from $25.7bn.

The loan loss provision dropped to $23m from $30m in the second quarter while net loan charge-offs increased to $16m from $14m. At the end of the quarter Continental Illinois' reserve for loan losses stood at $408m, or 1.97 per cent of loans, up from $400m, or 1.81 per cent, at the end of June. Non-performing loans totalled $913m compared with $911m. The group transferred an additional $90m of loans to the FDIC during the quarter.

Crocker National, the troubled U.S. subsidiary of Britains Midland Bank, reported third-quarter net earnings of $9m compared with $6m and nine-month net earnings of $28m compared with a $108m loss in the 1984 period.

The results reflect the impact of a major balance sheet restructuring announced last month, under which Midland's international division acquired $3.1bn of Crocker's foreign credits. A further $500m of mainly problem domestic loans were spun off into a separate U.S. subsidiary.

The restructuring was aimed at centralising Midland's overseas business while slimming down Crocker into a domestic banking group, strengthening its balance sheet and improving its performance in the process.

Among the immediate effects of the restructuring were that Crocker's assets fell at the end of September to $19.8bn from $21.84bn a year earlier. Loans dropped to $11.9bn from $16bn, and its non-performing loans fell to $319bn from $1.1bn a year earlier.

Net interest income, including the effects of the Midland transaction, totalled $203m in the latest quarter, up from $168m. The group's provision for loan losses in the latest period was $34m

Saab 12% ahead at eight months

By Kevin Done in Stockholm

SAAB-SCANIA, the Swedish motor and aerospace group, increased its profits in the first eight months by 12 per cent to SKr 1.61bn ($201m) from SKr 1.44bn a year earlier. Profits in the four months from May to August were 8.9 per cent higher at SKr 572m.

Group turnover in the first eight months rose by 24 per cent to SKr 19.97bn from SKr 16.17bn, helped by strong demand for cars and trucks.

The group said that it expected an early conclusion to its negotiations with Fairchild Industries of the U.S. on a change of terms for its joint-venture manufacture of the SF340 regional airliner. Fairchild is seeking to reduce its role in the venture.

Sales of Scania trucks and buses rose by 18 per cent to SKr 6.6bn with the number of vehicles delivered increasing to 15,925 from 14,697 a year earlier.

Saab-Scania has now begun series production of trucks adapted to the American market. The group said it had consolidated its position in Western Europe despite keen competition.

Sales of Saab cars increased by 21 per cent SKr 7.8bn, with the volume of sales rising to 70,506 from 66,216, but profits fell below last year's record level.

The start-up of production of the Saab 9000 on a new assembly line has disrupted output, and the group has had problems in meeting demand on several markets.

During the first eight months the group has increased its workforce by 1,720 to 45,200. Profits for the full year are still forecast to be "at least at the same level" as in 1984.

Chrysler launches a 'multiplier'

BY MAGGIE URRY IN LONDON

CHRYSLER Financial motored into the Euromarkets yesterday bringing a U.S. idea in the passenger seat. Its $100m issue has a "multiplier" feature which gives investors the option of taking more bonds instead of interest payments.

For the first five years investors can elect to take bonds, to the value of the coupons, with the same 10¾ per cent interest rate and 1992 maturity. The new bonds issued also carry this right. Chrysler could end up with around $180m of the issue outstanding. There is a minimum size of $1,000 worth of coupon to exercise the option and fractions of bonds cannot be issued.

The deal, led by Swiss Bank Corporation International, follows the use of the concept in the U.S. domestic bond market. It allows investors to be sure of a reinvestment rate for their coupons. If, when a coupon is payable, interest rates are lower, investors will opt for extra bonds and so be sure of getting the same 10¾ per cent coupon when they reinvest the interest.

If interest rates have gone up, they can take their coupons in cash and reinvest at the higher rate. The bonds are non-callable.

Investors are paying for this option, though, through a slightly lower yield. Chrysler might expect to borrow at about 100 basis points above the U.S. Treasury yield curve with a normal issue, whereas this deal, with fees totalling 1⅞ per cent, gives the company a borrowing cost of 71 basis points above Treasuries.

Traders said the idea was a good one though some felt that Chrysler, whose debt is rated BBB, was not a good enough quality credit. The bonds were trading just within the fees.

General Motors Acceptance Corporation also came to market with a seven-year $250m issue led by Morgan Stanley. This has nothing fancy attached and pays a 10¼ per cent coupon with the issue price set at 99⅝. Again fees are 1⅞ per cent, and the borrower's cost is 32 basis points over the Treasury yield curve at launch.

The spread was considered tight but right by syndicate managers. The issue was bid at a discount equal to the total fees.

Salomon Brothers revived its idea of a delayed cap on a floater for Pima Savings and Loans, an Arizona-based S & L owned by Heron, the British property and industrial group. The 10-year floater pays interest at ⅛ per cent above three-month London interbank offered rate (Libor). After three years a maximum coupon of 13½ per cent comes into play.

The bonds are backed by U.S. government and government agency paper to give them an AAA rating. As a result the issue is in targeted registered form.

Investors receive a higher spread over Libor in return for accepting the maximum coupon. Fees total 45 basis points and the bonds were bid yesterday at 99.60, the level at which co-managers own them.

The Eurodollar secondary market for fixed-rate issues was slightly firmer yesterday following a better showing by the New York bond market. However, traders described the market as uninspired.

The Swiss franc foreign bond market was around ¼ point easier yesterday with some concern among dealers about the weight of new paper.

Even so, more public issues were launched. Province of Nova Scotia is raising SwFr 200m through a 20-year issue paying a 5½ per cent coupon and priced at 99¾ by lead manager UBS. Hertz, the U.S. car hire group, launched a SwFr 100m 10-year deal, led by Chase Manhattan (Suisse). This has a 5¼ per cent coupon and 100½ issue price.

Coupons seem to be edging higher in the Ecu bond market. Nersa, the nuclear power group owned by French, West German and Italian utility companies, set a 9 per cent coupon for a 10-year issue. Lead manager Société Générale fixed the issue price at par. The bonds were trading just within the 2 per cent total commissions in a generally weak Ecu market.

The excess of paper is still affecting the D-Mark sector, with prices down by around ¼ point. Traders hope the market is now near its bottom and say heavy selling pressure has ended.

International bond service, Page 23

How Emhart uses Eurobonds to finance its acquisitions

BY OUR EUROMARKETS STAFF

MR ACHIM KNUST, chief financial officer of Emhart, likens running the U.S. diversified group to managing an investment portfolio.

Some of the companies within the group's range of electrical components, fastening products, hardware and security systems, chemicals and adhesives, machinery, rubber and plastics makers, are solid if not spectacular earners. Others, such as those in less stable parts of the world, are higher risk and are therefore required to produce a better return.

When it comes to making acquisitions, Emhart can finance them the same way an investment manager would pay for a new share purchase – either out of the cash flow from existing investments or buy selling another holding.

But Emhart can also choose a third way – borrowing. Mr Knust has just signed two Eurobond issues, a £35m seven-year issue and a DM 175m 10-year deal. Both will contribute to paying for acquisitions recently made and one, of True Temper, currently underway.

True Temper, which makes golf club shafts, hammers and wheelbarrows among other products, will cost Emhart around $115m.

Emhart has made around 20 acquisitions in the last seven years, with nearly as many sales. But even with the group's strong cashflow – cash generated by operations totalled $112m in 1984 – borrowings have risen. By the end of this year, if the True Temper deal goes through, Mr Knust estimates that the company's debt to debt-and-equity ratio could be up to 43 per cent.

In 1983 the company signed a $300m revolving credit agreement with a group of banks in the U.S. If the True Temper deal goes through, that facility would be all used. That was one of the reasons behind the group's decision to tap the Eurobond markets.

There were other factors, too: market conditions in both the sterling and D-Mark bond markets.

Stet plans 5% issue in Euromarket

By Alexander Nicoll in London

A FIVE per cent stake in the Italian state holding company for the telecommunications and electronics industry, Stet, is to be sold to Euromarket investors for about $100m.

Credit Suisse First Boston, which has handled Euro-equity issues for such companies as Nestlé of Switzerland and the U.S. Student Loan Marketing Association, will today launch an issue of 50m Stet shares

IRI, the state industrial holding company, owns or controls about 88 per cent of Stet, which itself recently reduced its majority stake in SIP, the state telephone company.

CSFB set the price for its offer of 200,000 Nestlé bearer participation certificates at SwFr 1,460.

Mixed results for telephone service groups

By Our New York Correspondent

MCI Communications, the second largest U.S. long-distance telephone group, yesterday reported higher third-quarter earnings. In sharp contrast GTE, plagued by heavy losses in its Sprint long-distance telephone unit, managed to post only flat earnings.

The results highlight the upheaval in the U.S. long-distance communications business in the aftermath of the Bell System break-up, which has led to fierce price competition and soaring costs for American Telephone & Telegraph's challengers.

MCI's third-quarter net earnings – including an $18.2m pre-tax gain on the sale of property – grew to $30.3m, or 13 cents a share, from $7.1m, or 3 cents, in the corresponding quarter a year ago on revenues that increased by 36 per cent to $649m from $478.3m.

GTE, citing huge operating losses in its Communications Services division, which mostly comprises the Sprint long-distance unit, posted third-quarter net earnings of $290m, or $1.33 a share, against $287m, or $1.40. Revenues grew to $3.93bn from $3.6bn.

MCI, which recently agreed to give IBM up to 30 per cent of its equity in exchange for IBM's Satellite Business Systems unit, lifted its nine-month net earnings to $105m, or 45 cents a share, from $45m, or 20 cents. Revenues rose from $1.44bn to $1.82bn.

The nine-month results are distorted by a $50.5m pre-tax write-down on equipment, offset by pre-tax gains of $93m from anti-trust litigation settlements and $18.2m on the sale of property.

GTE said the Communications Services Division managed to increase its revenues by 9 per cent to $335m in the third quarter but noted that operating losses soared to $98m from $8m a year ago, pushing the total loss so far this year to $190.8m.

GTE's third-quarter per-share earnings decline reflects the higher number of shares now outstanding. The latest results lift nine-month net earnings to $848m, or $3.95 a share, on revenues of $11.5bn

Daimler assured of majority in AEG

BY JONATHAN CARR IN FRANKFURT

DAIMLER-BENZ, the West German motor manufacturer, is now certain to gain a majority stake in AEG, the electricals concern – providing the federal cartel office approves the deal.

More than 20 banks said yesterday they were prepared to sell shares at DM 170 to Daimler amounting to "over 30 per cent" of AEG's capital, which has just been raised to DM 825.4m ($310m).

Daimler has already acquired 24.9 per cent of the capital. The cartel office in Berlin has up to four months to make up its mind, but its assent is widely expected.

AEG's share price slipped in Frankfurt yesterday by DM 12.30 to DM 201.70 – but it still remains well above Daimler's offer price and far beyond the DM 100 low for the year.

The banking consortium – led by Dresdner, Deutsche und Westdeutsche Landesbank – took a stake of about 50 per cent in AEG's in 1980, as part of a drive to put the concern on a sounder footing after years of losses.

The banks paid DM 150 for each DM 50 nominal share but have since written down the value of the shares in their books to about DM 28 each.

By accepting Daimler's DM 170 offer the banks will thus make a profit on at least one element of their involvement with AEG. But it would not fully compensate for other losses, for example, through writing off 60 per cent of their claims on AEG in the court-appointed debt settlement concluded last autumn.

Champion International profits fall in quarter

BY OUR FINANCIAL STAFF

CHAMPION INTERNATIONAL, the world's largest paper producer, reported a decline in third-quarter net earnings from $40.2m, or 66 cents a share, to $37.9m, or 37 cents following the trend of other companies in the sector.

The company attributed the fall to patchy demand and generally weak prices for most paper and packaging products. Despite the downturn, profits for the first nine months were up from $109.4m, or $1.78 a share, to $125m, or $1.22. Sales, reflecting acquisitions, rose from $3.43bn to $4.57bn, and from $1.13bn to $1.33bn in the third quarter.

Operating income in the paper division was $89.2m, up from $62.3m but down sharply from $110m in the second quarter of 1985. Results for publication, printing and writing papers "decreased substantially."

The packaging division, which Champion plans to sell to Stone Container, reported an operating loss of $5.1m against profits of $13.3m a year ago. As container prices continued to drop, the company again curtailed production.

Mr Andrew Siegler, chairman, cited the continuing problems of a slow economy and strong dollar as the reasons for lower earnings.

Bowater Inc, one of the largest North American newsprint producers, has suffered a further fall in profits with third-quarter earnings down from $18.2m, or 62 cents a share, a year ago to $16.5m, or 56 cents.

The decline follows an 8 per cent fall in second-quarter profits and takes the return for the first nine months of 1985 to $46.8m, or $1.60 a share, compared with $42.9m, or $1.58. The company was spun off last year from Bowater of the UK.

Mr Anthony Gammie, chairman and chief executive, said: "1985 is turning out to be a somewhat different year than we had originally anticipated. There are two basic factors not under our control.

"The slower U.S. economy resulted in softer advertising expenditures. The strong U.S. dollar is continuing to encourage imports into the U.S. and to adversely affect the prices we can get for our exports."

Newsprint consumption in the third quarter was flat, compared with the third quarter of 1984, but margins continued to improve

Swiss Re plans non-voting share issue

By John Wicks in Zurich

GROUP earnings of the Zurich-based Swiss Reinsurance Company rose from SwFr 105m ($48.1m) to SwFr 120m last year, following an increase in gross premium income from SwFr 10.15bn to SwFr 11.53bn.

The improvement in profits was due to a jump in investment income during the year from SwFr 859m to SwFr 1.05bn. Together with a rise in underwriting profits from life-assurance business, this more than offset a sharp increase in underwriting losses from the casualty and non-life sector from SwFr 368m to SwFr 528m.

The company will propose a three-stage programme to raise its participation-certificate (non-voting share) capital at its November 22 shareholders' meeting.

Initially this will be increased by a nominal SwFr 5m to SwFr 22m by the issue of the remaining 100,000 SwFr 50 certificates approved at the 1980 annual meeting.

These will be offered on international capital markets, and the issue price will be determined according to the market price at the time of issue.

Shareholders will also be asked to approve a board proposal to raise certificate capital further to SwFr 35.5m, by the issue of 270,000 new SwFr 50 certificates, of which 266,000 will be offered to existing certificate-holders.

Issue price has been set at SwFr 750, which will mean the company raises SwFr 199.5m from this transaction alone.

AT&T shows 22% advance

By Our New York Staff

AMERICAN Telephone & Telegraph (AT&T), the U.S. telecommunications group, yesterday reported a 22 per cent increase in third-quarter net earnings on revenues which grew by 11.5 per cent.

AT&T said its net earnings grew to $378m, or 33 cents a share, from $317m, or 28 cents, in the corresponding period last year on revenues – excluding charges paid to local telephone companies to connect long-distance services – which increased to $8.9bn from $8bn.

The third-quarter results were reduced by $97m, or 9 cents a share, as a result of the write-down of "technologically obsolete equipment" and inventory including older business and residential phone systems. This was partly offset by an adjustment for tax purposes which added $30m, or 3 cents, to net earnings.

Nine-month net earnings rose to $1.19bn, or $1.05 a share, compared with $1bn, or 91 cents. Revenues in the first nine months increased to $25.8bn from $24.8bn.

SCA buys share of linerboard operation

BY OUR STOCKHOLM CORRESPONDENT

SVENSKA Cellulosa (SCA), the second largest forest products group in Sweden, is acquiring half the Champion International stake in Obbola Linerboard – the joint venture it established with St Regis of the U.S. in the mid-1970s – in a deal worth about $15m.

SCA, which already owns 50 per cent of the linerboard operation, is increasing its holding to 75 per cent. The deal makes it the biggest supplier of linerboard in Europe with a total capacity of more than 600,000 tonnes. Linerboard is used as the outer surface of corrugated containers.

The takeover is from November 1 and includes the long-term delivery contracts with corrugated board companies in Europe formerly owned by Champion/St Regis.

SCA formed the joint venture with St Regis Paper of the U.S. in 1973. St Regis was taken over by Champion International last year, and since then Champion has disposed of a large part of St Regis' European holdings to concentrate its activities in the U.S.

Meanwhile, SCA reported a significant drop in profits in the first eight months of the year. Group profits (before extraordinary items, allocations and taxes) fell by 13 per cent to SKr 834m ($103m) from last year's high level of SKr 949m. Group sales increased by 10.5 per cent to SKr 7.89bn.

The biggest decline in profits came from the group's forest products operations, where operating profits dropped 27 per cent to SKr 499m from SKr 682m.

SCA said earnings in the final four months would be lower than for earlier periods this year because of continued depressed markets for pulp, linerboard and timber products as well as higher interest costs.

DnC margins improved

By Our Oslo Correspondent

DEN NORSKE Creditbank (DnC), Norway's largest commercial bank, achieved a higher operating margin in the first eight months this year than in the same period of 1984.

The improvement was despite a 21 per cent rise in operating costs and tough government measures to curb the rise in net interest income.

The bank foresees a satisfactory result for 1985 as a whole, although it says profitability is unlikely to reach last year's high level.

Operating profits in January/August reached NKr 668m ($83.7m) – 37 per cent up on a year earlier.

DnC's net interest income in the period rose 10 per cent to NKr 1,045m while other income – mainly from share-trading and currency operations – increased 61 per cent to NKr 733m.

The bank's trading in its own share portfolio yielded even more than commissions on trading for customers' account.

The eight months' report said future results would depend largely on the trend in non-interest income which could mean "somewhat sharper fluctuations in profits."

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE OCTOBER 11 1985

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	10.765	0.449	12.874	10.629
Canadian Dollar	11.818	0.238	13.460	11.526
Euroguilder	6.172	−1.795	7.879	6.172
Euro Currency Unit	9.271	0.748	11.023	9.189
Sterling	10.786	−0.299	11.600	10.786
Deutschemark	6.986	1.929	7.860	6.854

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

INTL. COMPANIES & FINANCE

Trading houses reject Sanko plan

BY YOKO SHIBATA IN TOKYO

A REHABILITATION programme proposed for Sanko Steamship, the failed Japanese shipping group, has become stranded following the refusal of its nine creditor trading houses to share its financial burden of about Y10bn ($46.4m).

Sanko filed for court protection under Japan's Corporate Rehabilitation Law in mid-August, and the court is due to decide within weeks on whether Sanko can stay in business. The decision hinges on whether Sanko can secure the needed funds from the financial institutions and can keep viable its fleet, which consists largely of efficient bulk carriers newly built for Sanko by the trading houses.

But the nine trading houses, which convened yesterday to review the bail-out programme, were unanimous in a statement which said: "It is not the trading houses' position to extend financial assistance to Sanko. This should be for the banks to do, as the trading houses have already given considerable financial assistance in forms such as shelving the charter fees for tankers." They insisted that the banks first show their readiness to provide fresh loans

The banks for their part have taken the view that they could not supply such loans unless they are assured of repayment in the rehabilitation programme.

A move is developing among the trading houses which if the banks do not extend fresh loans to Sanko, would mean the recall of the bulk carriers on charter to Sanko. They are also exploring the feasibility of setting up a "Second Sanko Steamship" company, run by the nine using vessels withdrawn from Sanko.

None of this forms part of the present restructuring proposals, drawn up by Mr Mitsuhide Miyata, Sanko's court-appointed custodian. He has until the end of this month to secure a so far elusive agreement among the banks and trading houses on the company's future.

The package put forward by Mr Miyata calls for additional loans of Y31bn, to cover penalty payments due to overseas shipowners and to provide working capital for the six months until a five-year reconstruction programme starts in April 1986. The three major creditor banks, Daiwa, Tokai, and the Long-Term Credit Bank of Japan have refused to provide these loans in full.

This had prompted Mr Miyata to seek the co-operation of the nine trading house creditors. They would shoulder their third of the burdens in the form of extending the six-month grace period for charter payments on the bulk carriers.

Under the five-year plan, Sanko would:

● Halve its current operating fleet to about 137 vessels, of which 93 would be the newer, fuel-efficient bulk carriers.

● Partially reimburse overseas tanker owners for the cancellation of charter contracts.

● Defer until 1991 the principal payment on the newly-constructed bulk carriers owned by the trading houses, after which the payments would be spread evenly over the next 10 to 12 years.

If the court accepts a restructuring for Sanko along these lines — a decision due around the middle of November —the company would start the initial year from April 1986 with projected freight revenue of Y78.2bn and pre-tax profits before depreciation of Y9.3bn. By 1990, the fifth year, it expects freight revenue of Y130bn with pre-tax profits of Y18.8bn.

Marubeni Corporation, one of the leading trading houses, said it has told Sanko that it intends to operate two 38,000 dwt bulk carriers built originally for charter by the tanker operator. These were completed at the Ishikawajima-Harima heavy Industries (IHI) Aioi shipyards at the end of August and their handover has been postponed.

In Marubeni's judgment, the original charter plan for the two vessels is not feasible, and it plans to run the ships through its affiliated shipping company.

By the time Sanko went into bankruptcy on August 13, IHI had backlog orders for 14 Sanko bulk carriers as well seven ships for Mitsubishi Heavy Industries and 31 for Kurushima Dock.

Other major trading houses, such as Mitsubishi Corporation, Sumitomo, and Nissho Iwai are likely to take similar steps for those bulk carriers under construction for the Sanko charter programme. Marubeni's decision to take over the bulk carriers for its own operation is another factor which will impact markedly on Mr Miyata's rehabilitation plan.

Peko-Wallsend to make A$42m share placement

BY MICHAEL THOMPSON-NOEL IN SYDNEY

PEKO-WALLSEND, the Australian mining house, is making a placement of 7.66m shares — about 10 per cent of its existing ordinary capital—at A$5.50 each to two institutions, the AMP Society, Australia's biggest non-government investor, and one not named.

Peko said the A$42.2m (US$29.5m) involved would be used initially to help reduce its debt-to-equity ratio from 51 per cent at June 30 to around 38 per cent.

Active trading in Peko options has been detected recently, fuelling speculation—never in short supply in Australia—of a possible takeover. Peko's interests include Robe River Iron Ore, Weeks Australia (now Peko Oil), and ERA, the uranium producer. It recently forecast a 1985-86 net profit of about A$54m, double last year's result.

The AMP is already Peko's largest shareholder, with 8.7 per cent of the ordinary capital. If it take up half the new placement its stake will rise to 12.45 per cent.

● Australia's Whim Creek Consolidated, in the Canadian Northgate Exploration group, is launching its Austwhim Resources offshoot with an A$17.5m offer of 35m shares of 50 cents at par, adds Kenneth Marsden, our Mining Editor.

Whim Creek shareholders resident in Australia, New Zealand, the UK and Ireland will be offered a non-renounceable first entitlement to apply for shares of the Australian newcomer, on a one-for-one basis.

Austwhim was formed to acquire and develop Whim Creek's Cork Tree Well and Mt Morgans gold prospects in Western Australia. They have combined ore reserves of 2.08m tonnes grading 3.95 grammes gold per tonne, sufficient for an annual gold output of 31,000 ounces over a minimum of seven years.

On competition of the share issue, Whim Creek will have a 36 per cent shareholding in Austwhim.

Volkskas to restructure troubled industrial side

BY JIM JONES IN JOHANNESBURG

VOLKSKAS, South Africa's fourth largest banking group, is to restructure its troubled industrial interests held by Bonuskor, its subsidiary. The move is seen as a prelude to obtaining a Johannesburg Stock Exchange listing for Legal and General Volkskas (LGV), the bank's insurance arm.

Bonuskor's after-tax loss increased to R6.9m ($2.6m) in the year to March from R1m in the preceding year, largely because the motorcycle and tool distribution arms suffered from poorer markets and substantial foreign exchange losses. These loss-making divisions are to be sold to an un-named private investor for R1m.

After the sale, Bonuskor will buy half of the Transvaal Sugar Corporation (TSC) and 14.4 per cent of Total South Africa from Volkskas, LGV and the Rembrandt group. The acquisition will cost R63.7m and the purchase price will be settled by the issue of 35.4m new Bonuskor shares to Volkskas and 31.3m each to LGV and Rembrandt.

As a result Bonuskor's sole assets will be TSC, which grows sugar cane in the Transvaal; Total, which distributes petroleum products; and the company's already existing forestry and timber interests.

After the acquisitions, Bonuskor will have 125.3m ordinary shares in issue (though they are likely to be consolidated) and the directors expect earnings of 4.1 cents a share in the six months to March 1986 against a loss of 49 cents a share on the pre-restructuring capital in the half-year ended last month.

In August Volkskas acquired the outstanding 30 per cent of LGV from Legal and General, the British insurance group, for R19.2m and is believed to be planning a stock exchange listing for the insurance company. That is intended to provide LGV with the additional capital it needs to compete with other, larger insurers, particularly Sanlam.

INTERNATIONAL COMPANIES and FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 16.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅝	102⅛	+0⅛	+0⅛	10.30
Amex Credit 12⅝ 88	150	106½	107	+0⅛	+0⅛	9.91
Atlant Richfld 10¼ 00	250	94⅛	94⅝	+0⅛	+0¼	11.02
Australia Com 11¼ 90	100	103⅛	103⅝	+0¼	+0⅞	10.76
Australia Com 11 95	200	102½	103	+0⅝	+1¼	10.51
BP Capital 11¼ 92	150	102⅛	102⅝	+0⅛	+0⅛	10.56
Canada 11½ 90	500	105⅛	105⅝	+0⅛	+0¼	9.91
Canadian Pac 10¾ 95	100	101¾	102¼	+0¼	+0⅛	10.34
Canadian Pac 12½ 99	75	107¾	108¼	0	+0⅛	11.33
Chevron U.S.A. 12¼ 89	600	104⅜	104⅞	+0⅛	0	10.76
Citicorp 10 88	200	100¼	100¾	0	+0⅛	9.77
Citicorp 11½ 95	150	101⅛	101⅝	−0¼	−0¾	11.24
Coca Cola 11⅝ 91	100	106⅛	106⅝	0	+0⅜	10.27
Denmark Kingdom 11¼ 89	100	102⅝	103⅛	+0⅛	+0¼	10.29
Denmark Kingdom 11½ 90	100	103⅝	104⅛	+0¼	+0¼	10.38
Denmark Kingdom 11½ 92	100	102¾	103¼	+0¼	+0¼	10.90
E.D.F. 10 95	225	95	95½	+0⅛	+0¼	10.80
E.E.C. 9⅝ 90	350	97⅝	98⅛	0	0	10.19
E.E.C. 11⅛ 90	100	102⅞	103⅜	+0⅛	+0⅛	10.16
E.I.B. 12 95	200	106½	107	+0⅛	+0¼	10.88
Export Dev Corp 10 90	100	99½	100	0	+0¼	10.04
Export Dev Corp 12 89	100	106	106½	+0⅛	+0½	10.04
Fed Dep Stores 10⅛ 95	100	96¾	97¼	+0⅛	+0⅜	10.62
Ford Motor Cred 11⅛ 90	100	102½	103	+0⅛	+0¼	10.51
Ford Motor Cred 11⅜ 95	400	102¼	102¾	+0⅛	+0⅜	11.15
Ford Motor Cred 11¼ 92	100	102¾	103¼	0	+0⅛	11.05
Ford Motor Cred 12 95	100	104⅜	104⅞	+0⅛	+0⅝	11.15
Gen Elec Credit 10¼ 00	200	100⅝	101⅛	+0⅛	+0¼	10.12
GMAC 10¼ 89	200	100½	101	+0⅛	+0⅛	9.96
IBM Credit 10⅜ 2000	300	101⅛	101⅝	−0¼	−0½	10.17
Kellogg Company 10⅜ 90	100	102⅝	103⅛	0	+0⅛	9.58
Kellogg Company 11¼ 92	100	103	103½	+0⅛	+0⅛	10.49
L.T.C.B. 12⅞ 91	100	109⅜	109⅞	0	0	10.63
Macy Cred Corp 11¾ 95	100	103¾	104¼	+0¼	+0⅜	11.02
Merrill Lynch 12¾ 89	100	105⅜	105⅞	0	+0⅛	10.92
Minnesota 11½ 87	100	103¼	103¾	−0⅛	−0⅛	9.49
Mitsui Trust 11⅞ 90	100	102⅜	102⅞	0	−0⅛	10.85
Morgan Guaranty 12⅜ 88	150	106⅜	106⅞	+0⅛	+0¼	10.26
Pru Realty secs 12⅛ 95	545	106¼	106¾	+0⅛	+0¼	10.95
Qantas Airways 10⅜ 95	140	98⅜	98⅞	+0¼	+0½	10.59
Quebec Hydro 11½ 92	100	104¾	105¼	+0¼	+0⅝	10.46
Queensland Govt 10¾ 95	100	96¼	96¾	+0⅛	+0⅜	10.33
Ralston Purina 11¾ 95	150	104¼	104¾	+0⅛	+0¼	10.94
Ralston Purina 12¾ 89	100	107⅛	107⅝	0	+0¼	10.49
Saskatchewan 10¾ 92	100	101⅜	101⅞	+0⅛	+0⅜	10.36
Saskatchewan 11⅞ 89	100	105¼	105¾	+0⅛	+0¼	10.15
Statoil 10 90	170	99⅛	99⅝	+0⅛	+0⅛	10.15
S Wales Trs 11¾ 90	150	104⅝	105⅛	+0⅛	+0½	10.31
Swed Exp Cred 10 92	100	97¼	97¾	+0¼	+0¼	10.52
Swed Exp Cred 12¾ 88XW	100	106⅞	107⅜	+0⅛	+0⅛	10.42
Sweden Kingdom 10⅞ 90	200	102	102½	+0¼	+0¼	10.28
Sweden Kingdom 11½ 89	200	104	104½	0	0	10.17
Sweden Kingdom 11¾ 94	100	105⅛	105⅝	+0¼	+0⅛	10.78
Tenneco Corp 10¾ 95	150	99¾	100¼	+0⅛	+0¼	10.73
Texaco Capital 10 95	300	93⅝	94⅛	+0¼	+0⅝	11.08
Texaco Capital 11⅛ 95	250	100⅜	100⅞	+0⅛	+0¼	10.90
Tokai Asia 11½ 95	100	102⅞	103⅜	+0⅛	+0⅛	10.98
United Tech Fin 10⅜ 95	100	98⅝	99⅛	+0¼	+0⅜	10.61
Victorian Rep 11⅞ 92	150	103⅝	104⅛	+0⅛	+0¼	10.74
World Bank 10⅜ 95	300	97¼	97¾	+0⅛	+0¼	10.53
World Bank 12⅛ 94	200	111¼	111¾	+0⅛	+0⅛	10.79

Average price change On day +0⅛ on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	†100	100½	0	−0¾	7.09
Austria Republic 7⅜ 94	200	†104	104½	−0¾	−1	6.66
Baxter Travenol 7¼ 94	200	†102	102½	−1	−1⅛	6.86
Copenhagen 7⅜ 95	150	†101½	102	−0½	−0¼	7.19
Credit National 8⅜ 94	200	†106½	107	−0½	−0½	7.02
E.I.B. 7¼ 94	300	†101	101½	−1	−1⅜	7.05
Escom 8 92	150	†97¼	97¾	+0¼	+1¼	8.50
Ex-Im Bk Korea 7⅜ 90	100	†100	100½	−0¼	0	7.55
Ferrovie Dello Stato 8 91	100	†104	104½	−0½	0	7.02
Finland Republic 7 92	200	†100¾	101¼	−1	−0¾	6.79
Gould Int Fin 7⅜ 91	100	†103	103½	−0½	−0⅞	6.99
Ireland 8⅜ 92	150	†105¼	105¾	+0½	+0¾	7.04
Japan Fin Corp 7⅝ 91	100	†105¼	105¾	0	−1	6.40
Mitsubishi Hvy 3½ 89WW	300	†176	176½	−0¾	+0¼	−12.65
Mitsubishi Hvy 3½ 89XW	300	†91½	92	+0¼	−0¼	6.32
Mitsubishi Met 3⅜ 89WW	100	†107	107½	+0¼	+0½	1.38
Mitsubishi Met 3⅜ 89XW	100	†89¾	90¼	0	−0¼	5.98
Quebec Hydro 7⅛ 95	200	†101¼	101¾	−1	−1½	6.90
Renfe 7¾ 95	100	†102	102½	−1	−1¼	7.40
Soc Cent Nuclear 7¼ 95	150	†101	101½	−0¾	−0½	7.06
Societe Cent Nuclear 8 91	100	†106	106½	−0½	−0⅝	6.64
Sth African Tran 7⅜ 92	100	†94¼	94¾	+0½	+0¼	8.98
World Bank 7 95	600	†100¼	100¾	−0¾	−1¼	6.92
World Bank 7¾ 89	100	†103¼	103¾	−0¼	+0⅛	6.50

Average price change On day −1 on week −0½.

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†*102	102¼	+0½	0	5.94
Avon Cap Corp 6⅜ 94	130	†*100½	100¾	0	+0¼	6.28
Brit land Corp 6½ 99	75	†*104¾	105½	0	−0½	5.95
Council of Europe 6 92	120	†*102¾	103	−0¼	+0¾	5.50
Creditanstalt 5½ 94	100	†*100¼	100½	0	+0¼	5.44
Deutsche Bk Fin 5⅛ 95	100	†*103	103¼	0	0	4.94
E.I.B. 5⅞ 94	120	†*102	102¼	−0¼	−0¾	5.57
Gen Occidentale 4½ 94	80	†*103	103¼	+0⅝	+0½	4.96
Glendale Fed.S&L 5½ 95	100	†*98	99¼	+1	+1	5.82
I C Industries 5⅜ 94	125	†*102¼	102½	−0¼	−0¼	5.28
Ind Fund Fin 5¾ 94	40	†*101¼	101½	−0¾	−1¼	5.55
Int-Am Dev Bk 5⅞ 94	120	†*103	103¼	−0½	0	5.67
N.Zealand steel 5¼ 96	70	†*100	100¼	0	+0¼	5.73
Oberos Kibek 5⅜ 95	100	†*100	100¼	0	+0¼	5.35
Ralston Purina 5⅜ 94	125	†*101½	101¾	+0¼	+1	5.14
Santos Finance Ltd 6 94	130	†*100	100½	−0⅜	−0⅛	5.96
Tokyo Elec Pwr 5½ 93	120	†*101½	101¾	0	+0½	5.22
Tokyo Metropolis 5¼ 94	80	†*100½	100¾	+0¼	+0¼	5.16
World Bk 5¾ 94	150	†*102½	102¾	+0⅝	+0¼	5.38

Average price change On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	99⅜	99⅞	+0¼	−1	6.83
Gdyr Tr & Rubber 7⅛ 95	25	99⅜	99⅞	+0¼	−0⅞	7.17
Mort Bk Denmark 7 92	10	100⅛	100⅝	0	−0⅜	6.92
New Brunswick 7⅛ 95	10	101¼	101¾	0	−0¾	6.90
Swed Exp Cred Zero 90	14	72¼	72¾	0	0	6.72

Average price change On day +0⅛ on week −0⅝

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aust Gas & Light 13 92 SA	50	98¾	99¼	−0⅛	−0⅜	13.27
GMAC 12⅞ 88 A$	35	96⅞	97⅞	−0⅛	−0⅜	14.01
Kellogg Co. 12¾ 88 A$	30	96	97	−0¼	−1⅛	14.27
Midland Int'l 13⅜ 90A$	50	99⅛	100⅛	0	−0⅛	13.45
Amex 10¾ 90 C$	50	99¾	100¼	+0½	+0⅜	10.72
CIBC 10⅜ 90 C$	75	†98	98½	+0¼	−0¼	11.22
Genstar Fin 11¾ 95 C$	75	98⅜	98⅞	−1⅜	−0⅜	11.97
Hanil-West'm 10¾ 95C$	25	†94½	95	−0¼	−1	11.66
Loblaw Cos 11⅜ 92 C$	50	†98¼	98¾	+0⅛	−0½	11.70
Sears Acc. Co 10⅜ 92C$	75	†95⅛	95⅝	+0¼	−0¼	11.63
Winnipeg City 10¾ 90C$	50	100⅜	100⅞	+0⅝	+1⅝	10.42
Chrysler Fin Corp 17 90N$	65	92	93	−0¼	−0¼	19.46
K.O.P. 16¾ 91 N$	50	95	96	+0½	−0½	19.44
Privatbanken 16⅜ 88 N$	50	95½	96½	−0½	−1½	18.21
B.N.P. 8⅞ 95 ECU	75	99⅞	100⅜	+0⅛	+0¼	8.95
IBM Wld Trade 8¼ 90ECU	150	99¼	100	+0⅛	+0¼	8.33
Sec Pac Aust 8¼ 90 ECU	100	98¼	99	+0⅛	+0⅛	8.18
Honda Motor WW 3⅞ 90FL	100	102⅜	102⅞	+0⅛	+1¼	3.23
Honda Motor XW 3⅞ 90FL	100	88½	89	0	+0⅛	6.90
Thyssen 7¼ 90 FL	50	101	101½	0	−0¼	6.99
Wereldhave 7½ 90 FL	75	101½	102	0	0	7.05
Wessanen 6¾ 90 FL	50	98¼	98¾	0	0	7.12
S.N.C.F. 11 2000 FF	500	99½	100	+0⅜	+0¾	11.02
Australia Comm 11 92 £	40	100⅝	101⅛	0	+0¼	10.77
BP Capital 10¾ 92 £	50	100	100½	0	0	10.60
E.I.B. 11⅛ 93 £	50	100½	101	0	+0¼	10.94
GMAC UK Fin 10½ 90 £	30	98¾	99¼	0	+0¼	10.75
Imp Chem Inds 11¼ 95 £	75	100⅞	101⅜	0	+0⅛	11.05
Imp Chem Inds 10¾ 92 £	75	98½	99	0	+0¼	11.09
McDonalds 10⅞ 90 £	40	100¾	101¼	0	−0⅛	10.35
Mitsubishi Fin HK 11 90 £	50	99¾	100¼	0	+0⅛	10.96
Privatbanken 11⅞ 92 £	20	101½	102	0	0	11.44
Rank Xerox 11 92 £	40	100⅛	100⅝	+0⅛	+0⅜	10.88
Royal Ind 10¾ 92 £	80	97⅞	98⅜	0	+0⅝	11.14
Star Drug Cap 10⅞ 90 £	30	100⅛	100⅝	0	+0¼	10.72
Tricentrol XW 11 92 £	35	96½	97	0	+0⅛	11.70
Tsthouse Forte 11⅛ 90£	50	99⅞	100⅜	0	+0⅛	11.05
World Bank 11¼ 95 £	100	101½	102	−0⅛	0	10.92
E.C.S.C. 10½ 94LF	100	104¼	105	−0⅛	−0¼	9.66
Nat Lux Alum 10½ 92 LF	600	104	104¾	−0⅛	−0¼	9.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	†99⅝	99⅞	28/10	8.1	8.12
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅛	30/12	8⅛	8.13
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.45
B.F.C.E. 5¼ 89	0⅛	100¼	100½	13/12	8¾	8.72
B.N.P. 5¼ 95	0	101⅜	101⅝	10/1	5¼	5.17
B.N.P. 5¼ 95 (July)	0¼	100	100¼	22/1	8¼	8.24
B.N.P. 5¼ 99	0⅛	100	100¼	5/8	5¼	5.24
C.C.F. 5¼ 97	0	99¾	100	28/10	8.19	8.20
Chase Man'tn 5 2000	0	99¾	100	12/11	8⅛	8.14
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/12	8.44	8.44
Citicorp O/S 5¼ 98 Sep	0⅛	99⅞	100⅛	19/12	11.19	11.19
Credit Lyonnais 5¼ 95	0⅛	100⅝	100⅞	11/10	8.69	8.62
E.E.C. 5 90	0	99⅝	99⅞	8/1	5.06	5.08
Halifax 5 92 £	0	99⅝	99⅞	7/10	5	5.01
Ireland 5¼ 97	0	100	100¼	25/10	9.69	9.68
Ireland 5¼ 99	0	100¼	100½	16/3	8.94	8.90
Italy, Republic 5 94	0⅛	100	100¼	12/11	8⅞	8.85
Lloyds Bank Perp	0¼	100	100¼	9/12	8	7.99
Midland Bank Perp 5	0¼	99¾	100¼	19/12	8⅛	8.13
Nat West Perp A 5¼ S	0¼	99¾	100	9/1	8¼	8.25
Nat West Perp B 5¼ S	0¼	99⅞	100⅛	10/2	8.91	8.91
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.58
Roy Bk Canada 5 2005	0⅛	99¾	100	7/10	8¼	8.26
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅝	1/11	11.69	11.76
United Kingdom 5 92	0	99⅞	100⅛	7/7	5	5.00

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	124⅝	125⅝	0	8.71
Comcast 7 2000	12/85	23.875	†104½	105½	0	25.34
Fanuc 3¾ 98	1/84	7032.3	101¼	102¼	+0¾	65.72
Fuji Hvy Inds 3 2000	8/85	676	100	101	0	4.55
Fujitsu 3 99	5/84	1320.9	94	95	−0¾	17.41
Kumagai Gumi 3½ 2000	3/85	600	164	164½	−20¼	−0.08
Marui 3½ 99	7/84	1162	145	146	−4	−1.84
Mitsubishi Elec 2⅞ 00	3/85	422	104⅛	105⅛	−0¼	−1.10
Murata 3½ 2000	7/84	2398	104⅛	105⅛	+3¾	31.45
Nippon Elec 2⅞ 2000	1/85	1285	98½	99½	+2	42.85
Nippon Oil Co 3 2000	5/85	923	95½	96½	−2	−4.53
Oki Elec Ind 3½ 99	10/84	805	93	94	+1⅜	21.53
Orient Leasing 5¼ 99	6/83	2580	103	105	+0¼	−3.54
Sekisui House 3 99	6/84	612	159½	160¼	−16⅝	−5.04
Sumitomo Bank 2¾ 2000	8/85	2142	99	100	−2	5.39
Sumitomo Corp 2⅞ 99	5/84	593	138⅛	138⅞	−0½	−4.26
Taiyo Yuden 3¼ 2000	3/85	1078	†92	94	+1	−0.79
Takeda Riken 3⅜ 2000	10/84	7663	†85	87	0	15.98
Tokyo Sanyo Elec 3½ 99	12/84	772	95	96	+0⅜	3.15
Toshiba Ceramics 3 2000	4/85	1734.2	88⅞	89⅞	+1¾	8.69
Nippon Oil Co 2⅜ 92 SF	3/84	1052	†*99½	99¾	−0⅝	22.26
Nippon Shinpan Co 2 92 SF	3/84	801	†*115½	115¾	−0¼	12.82
Asics 5 92 DM	12/83	520	107¼	108½	−0¼	14.58
Renown 3⅜ 90 DM	3/85	875	†109¾	110¾	+1¼	−3.12
Sun Realty 6¼ 92 DM	2/83	338	†*375	376	+18¼	−0.55

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Norwegian offshore group boosts orders

BY FAY GJESTER IN OSLO

NORWAY'S Aker offshore fabricating group reports a big jump in the value of its orders in hand during the May-August period to NKr 3.4bn ($430.3m) compared with NKr 2.3bn at end of April and NKr 1.7bn at end of August last year. The main reason for the rise was a contract from Norsk Hydro for the building of the steel deck of a platform for the Oseberg field at Aker's Stord yard.

Profits before extraordinary items more than doubled to NKr 127m from NKr 63.2m in the period last year. This reflected favourable developments in all the group's offshore related activities, as well as a positive result for net financial items totalling NKr 9.8m, whereas in January-August 1984 they were negative, by NKr 30.5m. Net extraordinary items of NKr 83.5m brought the total before year-end adjustments to NKr 210.5m (NKr 132.1m).

The board forecasts a result for 1985 as a whole, before tax and extraordinary items, of more than NKr 160m (NKr 92.6m in 1984).

Capital expenditure in the eight months reached NKr 214m, half of it on property development. Aker expects to receive considerable extraordinary income this year and next from selling off parts of Aker Brygge, a large property development in the heart of Oslo, where it formerly operated a shipyard.

In August the group's offshore contracting and fabricating business was concentrated into one division. Another division, Business Development, links Aker's property company, Aker Eigndom, and a new media/public relations firm, Aker Kommunikasjon, which will provide consultancy services in corporate and market information and communications.

● Dyno Industrier, the Norwegian plastics, chemicals and explosives group, in which Norsk Hydro this year acquired a controlling stake, reports significant increases in turnover and profits during the first eight months of this year, compared with a year earlier.

Turnover climbed 20 per cent to NKr 2.2bn, of which foreign sales accounted for 57 per cent. Profit before year-end adjustments and taxes was 34 per cent up at NKr 131m.

Generally, the positive trend of the opening months is expected to continue, and whole-year profit for 1985, before tax and year-end adjustments, is foreseen at about NKr 220m against NKr 182m in 1984.

● A NKr 15m share issue by Norway's newest insurance company, the David Group, attracted subscriptions totalling NKr 200m when lists were opened on Monday. Before lists could be closed, about 18,000 people had filed applications. The group was offering 150,000 shares of NKr 100 each, at par, with payment in cash.

Northrop sales surge 36% in third quarter

BY TERRY DODSWORTH IN NEW YORK

NORTHROP, the U.S. military aerospace group, achieved a 15.5 per cent increase in net profits in the third quarter of this year while sales jumped by almost 36 per cent from $894m to $1.21bn.

Net income amounted to $47.8m, or $1.03 a share, compared with $41.4m, or 90 cents, in the same period of 1984. In the first nine months of the year, earnings rose to $185.2m, or $4, against $110.7m, or $2.41. Revenues were up by 38 per cent to $3.53bn from $2.55bn.

The company said the third quarter gain resulted from greater sales volume in its aircraft and electronics businesses.

The figures were struck after expenditure of $49.4m on the controversial tactical fighter programme, in which Northrop has sunk around $800m so far. In the current year the Tigershark project, launched to produce an aircraft for the Third World, is expected to cost the group around $150m.

● Honeywell, the Minneapolis-based control systems and computer manufacturing group, posted sharply lower third-quarter net earnings, down 40.3 per cent to $55.7m, or $1.24 a share, from $93.3m, or $1.99 a share.

UK COMPANY NEWS

Efficiency drive helps BHS to 17% growth

STRONGER margins and further good results from the drive for productivity and cost control have boosted British Home Stores, the high street retailer, in the 24 weeks ended September 14, 1985.

Despite pre-opening and interest costs and increased depreciation associated with store refurbishment, the group has lifted its profit for the period by 16.9 per cent, from £15m to £17.53m.

And the directors remain confident of the outcome for the full year, given the advances made within the business and the favourable trend of retail spending. As a measure of that confidence they are raising the interim dividend by 14.3 per cent, from 1.75p to 2p net.

The result was better than the market expected and the shares moved up 10p to close at 310p.

Sir Maurice Hodgson, chairman says this year's store development programme involving 23 stores is nearing completion and all the new and refurbished stores will be fully operational before Christmas. Of the 128 stores there will be 48 in the new design, representing 42 per cent of merchandise selling area.

In conjunction with local management, BHS has refurbished and merchandised a store in Gibraltar, the first of such overseas outlets.

Sir Maurice says product development is continuing, with emphasis on the key areas of womenswear and menswear which recorded sales growth of 15 per cent. Ranges this autumn demonstrate "major improvement in fashion, value and quality standards accompanied by increasing consistency and co-ordination across all product groups."

Similar policies are being followed in food and "the very pleasing" results of the restaurants testify to the success of the new style operation and the introduction of coffee shops, both of which fit in well with the company's advanced store design, he states.

Last week the company launched its "Experience the Difference" promotion, which will "accelerate customers' recognition of the improved offering and store environment."

Rationalisation of the product ranges has involved the discontinuance of some high volume, low margin, basic products. This has a temporary adverse impact on sales as does the interruption which precedes the extension or refurbishment of stores within the major development programme. With the improvement of ranges margins have strengthened.

In the period sales were up by 7.4 per cent, with additional selling space accounting for some 3 per cent of that. Turnover, including VAT, came out at £260.78m (£242.7m) and at £236.14m (£220.03m) excluding VAT.

Sales were affected by the poor weather during the summer and the continuing low growth of spending power in Scotland and the north, where the company has strong representation.

Turnover, including VAT, was broken down as to merchandise £204.75m (£189.39m), food £39.14m (£38.94m) and restaurant £16.89m (£14.38m).

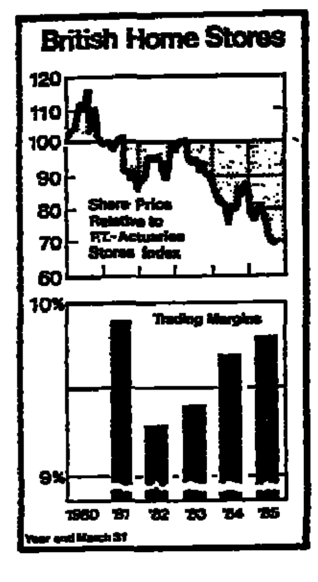
Trading profit was up almost £3m to £15.24m, while the contribution from associates rose to £2.45m (£1.7m). However, there is a turnoround in respect of interest; this time it shows a charge of £148,000 against a credit of £997,000.

Trading profit stood charges of £7.44m (£6.43m) for depreciation and £1.38m (£532,000) for pre-opening expenses. The funding of the new Cardiff and Leicester stores prior to trading and sale and leaseback cost an estimated £935,000 and is included in interest payable, but that was offset by profits of £950,000 on disposal of property.

Tax is calculated at 38 per cent, the estimated effective rate for the year, and takes £6.66m (£5.75m) to leave earnings at 5.2p (4.5p) per share.

See Lex

Sir Maurice Hodgson, chairman of British Home Stores



British Tar steps into contest for Dufay

By Charles Batchelor

British Tar Products, the chemical manufacturer and bulk storage group, yesterday stepped into the contest for Dufay Bitumastic, the industrial coatings group.

BTP announced that it had bought the 24.1 per cent stake in Dufay held by the liquidator of Camrex, formerly part of the Ruberoid group, at 55.5p cash per share. BTP paid a total of £2.2m for 3.96m shares.

BTP's intervention in the affairs of Dufay came a week after Kalon Group, the West Yorkshire paint-maker, announced plans for an £9.3m takeover bid for Dufay.

BTP is now seeking a meeting with Dufay in the hope of getting its agreement to a higher offer.

The 55.5p paid for the Camrex holdings sets a floor under any bid from BTP. A cash offer would have to be at this level while a share bid could be expected to contain a 5 to 15 per cent premium.

BTP has called in N. M. Rothschild to be its financial adviser for this bid. S. G. Warburg, which normally acts for BTP, is already advising Dufay.

Expanded range

BTP makes, stores and merchants chemicals for the leather, cosmetics, hygiene and pharmaceutical industries, but expanded its range last June with the purchase of Isinglass Manufacturers, which makes clarifying agents and speciality chemicals for the brewing industry. BTP paid nearly for £10m for Isinglass.

Pre-tax profits of BTP rose 34 per cent from £1.87m to £2.5m in the year ended March 1985 from a turnover which fell slightly to £29.1m, against £29.6m.

Dufay achieved only a marginal increase in pre-tax profits from £317,000 to £320,000 in the six months ended June 1985. Turnover rose to £9.38m compared with £9.25m.

Kalon has offered 21 of its own shares for every 10 of Dufay. Kalon's shares were unchanged at 27p yesterday to value its bid at 56.7p per for each Dufay share. Dufay's shares rose by 5p to 59p on news of the BTP purchase while BTP was unchanged at 113p.

Kalon came to the stock market in June by means of a reverse takeover bid for Leyland Paint and Wallpaper. the company is understood to have bought some Dufay shares but has not yet made a formal announcement.

Hawker Siddeley ahead at £71.5m as orders improve

Hawker Siddeley Group, electrical and mechanical engineers, increased pre-tax profits by 9.8 per cent from a restated £65.1m to £71.5m in the six months to June 30 1985. The interim dividend is raised from 4.1p to 4.5p net.

The directors say they believe the fluctuation in exchange rates has a distorting effect on results of overseas interests when they are converted by exchange rates current at the end of the six-month period.

They have therefore used average rates of exchange and restated the comparative figures for 1984. The board says that, on the basis of previous practice, the group profit before tax attributable to Hawker as previously reported was £65.7m for the six months to June 30 1984.

The second half is expected to show an improvement on the first for the group as a whole. Trading continued to improve gradually, in spite of quiet conditions in some sectors, say directors.

The total order book improved and there was a significant improvement in the electrical motor and generator businesses, arising from an improvement in the UK motor activities as well as a further modest improvement in the U.S.

Electrical distribution and controls and electrical specialised equipment were ahead as most units improved their performance, particularly those involved in batteries, instruments and railway equipment.

The UK diesel interests were adversely affected, mainly because of a continued shortage of credit in some traditional markets, particularly the Middle East.

Demand by the mining industry is improving following the end of the miners' strike, although the effects of the strike are still being felt.

Strong demand from the aerospace and rail industries increased trading in mechanical specialised equipment.

Total sales for the period were £777m (£746m) with UK subsidiaries accounting for £414m (£425m) and overseas subsidiaries accounting for £363m (£321m).

The group's share of profits of related companies was £5m (£6m) with interest credit of £5.9m (credit £4.2m). Tax was £27.2m (£26m).

In addition there was an extraordinary charge of £6.8m, after tax, for costs not charged in the profit and loss account arising from the closure and disposal of businesses.

Earnings per share rose to 20.4p (17.7p).

● Carlton Industries, battery maker and whisky distiller, has increased pre-tax profits to £6.68m in the six months to June 30 1985, against £5.85m.

Sir Arnold Hall, chairman of Hawker Siddeley

The company, which is a wholly-owned subsidiary of Hawker Siddeley, says the higher level of profit was achieved with the help of greater efficiencies in operation, although trading conditions remain difficult.

The results for 1984 include the share of profit from Carlton's related company, Comben Group, which was sold in June 1984.

The figures also include the sales and profit of the North American subsidiary KW Battery, which was transferred to a subsidiary of Hawker Siddeley in October 1984.

Agreement was reached on October 12 for Invergordon Distillers (Holdings), in which Carlton has 76.2 per cent interest, to acquire the Scotch whisky interests of Scottish & Newcastle Breweries.

The acquisition will be effected by the issue of about 3.4m new shares in Invergordon and £13.5m in cash over a period of four years.

When the transaction is completed, Carlton's interest in Invergordon will be reduced to 65 per cent.

In common with Hawker Siddeley, Carlton directors say fluctuating exchange rates have a distorting effect on the results of overseas interests when results are converted at end of period rates.

Sales for the first half were £65.28m (£65.01m). Profit from related companies was nil (£1.18m) while interest payments were £236,000 (£1.79m).

Minorities accounted for £278,000 (£473,000). There was no extraordinary profit, against £2.46m arising from the sale of the company's holding in Comben Group. Earnings per share fell slightly ot 12.9p (13p).

See Lex

Air Call hit by adverse conditions

A CONTINUATION of difficult trading conditions has meant a poor first half for the USM-quoted Air Call, which provides message handling and medical deputing services. Pre-tax profits to June 30 dropped from £653,000 to £238,000, while turnover rose 32 per cent to £19.26m, against £14.6m.

The directors say the trading environment continues to affect certain divisions.

Results were hit by the slow introduction of CCI's enhanced services in Europe, coupled with a growing competitive market place. The North American business continues to expand with good growth prospects which, by the end of the year, may compensate for the European shortfall.

The interim figures include the start-up costs of the introduction of cellular radio as one of the company's major products. This new service and expanding nationwide radio paging infrastructure are set to be major assets and significant profit generators for the group in the future.

After tax of £101,000 (£159,000) stated earnings per share were down from 9.07p to 2.36, before extraordinary items. The net interim dividend is maintained at 1.85p

Revitalised Duport 62% ahead

ELIMINATION of losses has made an immediate impact on the results of Duport. And with improving trends in some other parts of the group the profit for the half-year ended July 31 1985 shows an advance of 62 per cent from £1.31m to £2.12m.

Mr Jack Russell, chairman, says the results now begin to reflect the capabilities of the group. The improving trend has continued in the second half.

The interim dividend is being lifted from 0.33p to 0.8p net, which reflects the directors' confidence in the future and give a more balanced relationship with the final that they expect to recommend. Last year the final was 1p.

The group closed the New Garter foundry (metal forming) and the operations at Grovewood (kitchen units), which were both incurring losses.

Mr Russell says the basic policy adopted in the metal forming companies of closing unprofitable activities and selective new investment in more sophisticated markets is beginning to pay off.

In metal forming turnover came to £10.83m (£11.2m) and the operating profit to £128,000 (£95,000). Last year included £2m turnover and £140,000 loss in respect of discontinued operations.

It has been decided to close the Poole foundry, as implementing the regulations relating to clean air would require "an intolerable expenditure which could not be justified." However, the foundry occupies a prime site in the centre of Poole; adjacent land has been acquired and the directors are in discussion regarding development.

Closure costs together with other termination expenditure, principally at New Garter, are anticipated to be £500,000. These are reduced by an interim dividend of a like amount received from the liquidator of Duport Steels.

On the furniture side, Vi-Spring continues to do well in spite of intense competition. Duport International is obtaining increased revenue from royalties and helping to restore the fortunes of Crownflex Engineering, which makes the related machinery. All losses and termination costs relating to Grovewood are taken as extraordinary items and are expected to total £900,000.

Turnover from furniture was £2.83m (£7.58m) and operating profit £351,000 (£39,000). Discontinued operations accounted for £5.22m turnover and £296,000 losses last time.

Plastics lifted turnover from £11.96m to £13.89m and profits from £891,000 to £1.45m.

Results of the computer companies are disappointing. Turnover amounted to £2.78m (£2.54m) and profit to £159,000

● comment

Over the last six months Duport's shares have risen by more than 50 per cent. While the company was fancied by some to be vulnerable to a bid, the main impetus to the rally has been the closure and disposal of Duport's worst problem areas: Grovewood kitchens and the New Garter Foundry, both of which have been a dreadful drain for the past couple of years. These results demonstrate the advantages of shedding both operations—in a full year about £1.7m will be added back to profits. The group has rid itself of all its loss makers and is gearing itself up for some acquisitions, perhaps in areas complimentary to the successful Swish. Meanwhile, most of its existing divisions appear to be moving ahead fairly smoothly, with the exception of computers, which has had problems that have clearly not been peculiar to Duport. Overall, profits of about £4.2m appear likely this year which, after tax at 17 per cent, puts the shares on a prospective p/e of about 6. That does not seem a stretched rating, especially if the full-year's dividend goes up to 2p, to imply a yield of 5.7 per cent.

First half recovery at Fogarty

Fogarty, maker of home furnishings, made a pre-tax profit of £810,000 in the first half of 1985. This compares with a £124,000 loss last time which the company says was an unusually depressed period. Sales increased from £14.07m to £17.32m.

The company's home textiles division has benefited from both increased sales and the cost reduction and capital programme of the last three years. Current business in this division is good and indications from retailers for the important fourth quarter are encouraging, the directors state.

The process engineering division continues to make progress.

After tax of £265,000 (£145,000) earnings per 30p share were 2.7p, against a 1.66p loss. The net interim dividend is maintained at 1.6p—last year's final was 2.42p on £992,000 profits.

The company's products include continental quilts, pillows, cushions, bath and scatter rugs, bedding and ready-made curtains.

Poor weather trims sales of Brewmaker

Brewmaker, USM-quoted maker and supplier of home-brewing kits, says poor weather this summer has depressed sales throughout the home-brewing market. Profits before tax fell to £175,169, against £226,309, in the six months to July 31, 1985, although the company says margins improved slightly.

Directors says the latest independent market survey indicates that Brewmaker beer kits are brand leaders in the multiple grocery market.

An interim dividend of 0.3p (same) is being recommended.

Attention is being given to acquisitions. The board believes it may take some time for the market to regain its momentum. This, combined with costs associated with the new factory, indicates that profits for the full year will fall short of last year's record £634,000 pre-tax.

The board says that nevertheless it remains confident about the longer-term prospects.

Turnover fell to £3.43m (£3.58m) with tax down to £73,500 (£103,500). Earnings per share fell to 0.6p (0.7p).

Recovery begins for Peerless

Mr W. S. Jordan, chairman of Peerless, told shareholders at the annual meeting that the year had started steadily and the group was beginning to gain the ground lost last year. He expected profits to be reasonable without being spectacular.

For the year to March 31 1985 Peerless, involved in plastics, electronics, domestic engineering and metals, incurred a pre-tax loss of £0.38m.

The chairman also said that the company's Cinpress subsidiary, which had developed a new plastic foam moulding process, had signed its first licensing agreement with Lin-pac Mouldings, a European plastics processor.

Interim cut by Smith St. Aubyn

Smith St Aubyn (Holdings), discount broker and banker, has experienced a difficult first half to its current year to April 5 1986. It has incurred a small loss and is cutting the interim dividend from 1.5p to 0.5p net.

This follows its troubled year ended April 5 1985 when it ran up a net loss of £628,000 and reduced its dividend from 4.5p to 2p net, after maintaining the interim.

In the first quarter of 1985-86 the company incurred a loss but returned to a profit in the second quarter.

Since September 30 a small profit has been made. As a result the company's resources are now similar to what they were on April 5.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Air Call ....int.	1.85‡	—	1.85	—	5.6
Bejam Group	2	Nov. 18	1.6*	3.75	3*
Brewmaker ....int.	0.3‡	—	0.3	—	0.8
British Home Stores int.	2	Jan. 2	1.75	—	8.75
City Oxford Trust ...int.	2.5	—	2	—	6.1
Duport ....int.	0.8	Dec. 2	0.33	—	1.33
Eleco Hldgs.	2.7	Jan. 3	2.5	3.7	3.5
Fogarty ....int.	1.6	—	1.6	—	4.02
Hawker Siddeley ...int.	4.5	Dec. 31	4.1	—	11.8
Helene of London ...int.	0.5	Dec. 31	0.37	—	1.48
House of Lerose ....int.	3	—	3	—	8
Marshall's Univ. ....int.	1	Dec. 31	0.25	—	2
Smith St. Albyn ....int.	0.5	—	1.5	—	2
Spirax-Sarco ....int.	1.5	Dec. 6	1.33*	—	4.53*
Sun Life ....int.	9.34	Dec. 10	7.78	—	19.78
United Parcels ....int.	0.9	Jan. 3	0.8	—	3

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Public Works Loan Board rates

Effective October 16

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10¾	—	—	11¼
Over 1, up to 2	10¾	10¾	10⅝	11¾	11¼	11⅛
Over 2, up to 3	10⅝	10⅝	10⅝	11⅝	11⅛	11⅛
Over 3, up to 4	10⅝	10⅝	10½	11⅝	11⅛	11⅛
Over 4, up to 5	10⅝	10½	10½	11⅛	11⅛	11⅛
Over 5, up to 6	10⅝	10½	10½	11½	11½	11⅛
Over 6, up to 7	10½	10½	10½	11½	11¼	11⅛
Over 7, up to 8	10½	10½	10½	11½	11½	11⅛
Over 8, up to 9	10½	10½	10½	11½	11⅛	11⅛
Over 9, up to 10 ...	10½	10½	10½	11⅛	11⅛	11⅛
Over 10, up to 15 ...	10½	10½	10½	11⅛	11½	11
Over 15, up to 25 ...	10½	10½	10½	11¼	11	10⅞
Over 25	10½	10½	10½	10⅞	10⅞	10¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Kuwaitis sell 26% stake in Kenning

SHARES IN Kenning Motor Group, the motor dealer, rose sharply yesterday on the news that the Kuwait Investment Office had sold its stake of nearly 26 per cent in the company to an unknown buyer or buyers.

Mr James Foster, managing director of Kenning, said: "We know the shares have been sold, but at this stage we do not know to whom. The shares have been moving about a bit but we have received no bid approaches."

One market rumour was that the stake might have been acquired by Industrial Equity, an Australian company controlled by Mr Ron Brierley, a New Zealand businessman. Last June, Industrial Equity took a controlling interest in Tozer Kemsley & Millbourn, the troubled British motor dealer and property group.

Kenning shares closed last night at 145p, up 15p on the day. The Kuwait Investment Office emerged with a 14 per cent stake int he group early in 1984 and gradually increased the holding, which topped 25 per cent this April.

Kenning was badly hit by last year's miners' strike, with pre-tax profits falling £4.21m to £7.54m in the year to September 1984. It dived into the red in the first half of the current year, with a pre-tax loss of £438,000, due to a poor performance from its car hire side, lower profits from its tyre service business and from operations in the U.S. and Zimbabwe.

Lloyds sells 4.9% stake in Royal Bank of Scotland

BY CLIVE WOLMAN

LLOYDS BANK has sold a 4.9 per cent stake in the Royal Bank of Scotland that it bought two years ago.

Lloyds refused to disclose to whom the shares, worth about £38m, were sold yesterday although it indicated they went to one purchaser. Lloyds bought the shares, adding to a 16.4 per cent stake, in December 1983 from the Kuwaiti Investment Office for £22.5m. Several brokers suggested yesterday the Kuwaitis may have bought the stake back. The Investment Office refused to comment.

Because the stake is less than 5 per cent, the purchaser may not have to disclose his identity under the Takeover Code, although the information may eventually become available through the Royal Bank's share register.

Lylods emphasised that it had returned its stake in Royal Bank to 16.4 per cent to comply with an undertaking given to the director general of Fair Trading. The undertaking was given in June 1984 to avoid a referral of Lloyds' stake in the Royal Bank to the Monopolies and Mergers Commission.

Lloyds said it had no immediate plans for spending the money raised from the sale. It said its purpose in acquiring the stake had been achieved in June 1984 when the Royal Bank agreed to sell Lloyds its 39.3 per cent stake in the Lloyds and Scottish finance house. The 16-month delay in selling the stake arose from Lloyds failure to find a suitable buyer without being forced to sell at a reduced price, said the bank.

Royal Bank shares fell sharply by 10p when the news was announced but recovered slightly to end 6p down at 278p. The announcement was taken as an indication that Lloyds had failed to find a potential bidder for the Royal Bank interested in winning majority control.

Speculation about possible predator has persisted since 1981 when the Monopolies and Mergers Commission ruled against two £500m takeover bids for the Royal Bank from Standard Chartered Bank and the Hongkong and Shanghai Bank.

Lowe Howard in major deal

BY FEONA McEWAN

BRITISH advertising agency Lowe Howard-Spink Campbell-Ewald has announced plans for a major acquisition, its first since going public in June, 1984, which will establish an international advertising agency network to be known as Lowe Marschalk Worldwide.

In a complex deal, it is buying all or part of 10 agencies around the globe from the Interpublic Group, the world's largest advertising organisation. IPG consists of three worldwide advertising networks, McCann-Erickson, SSC&B Lintas and Marschalk Campbell-Ewald Worldwide.

LHSCE is proposing to purchase IPG's interest in eight agencies, six of them in Europe, one in Canada and one in Australia. It would also take a substantial minority interest in the U.S. agency, the Marschalk Company, currently wholly owned by IPG. Marschalk has offices in New York, Cleveland, San Francisco and Houston. Each of these would incorporate "Lowe Marschalk" into its name.

IPG is currently the majority shareholder in LHSCE with a 30.1 minority holding. If the plan goes through, it will continue to be the largest single shareholder, with a substantial minority stake.

The Campbell-Ewald company in the U.S. would remain an independent agency wholly-owned by IPG and Campbell-Ewald would continue to use agencies of Lowe Marschalk Worldwide as its international arm.

The holding company, LHSCE, would continue to have Frank Lowe as its chairman and Tim Bell as chief executive. Lowe would be chairman of the newly formed Lowe Marschalk Worldwide board and Michael Lesser, chief executive officer of Marschalk would be chief operating officer.

Mr Lowe said the deal was designed to build "the first worldwide network of agencies whose prime ambition is creative excellence. They are all well known agencies with creative reputations in their own markets—they were not set up by IPG. In the last few years IPG has been buying large stakes in them but they have continued to be run largely by their founder members."

In the past four years Lowe Howard-Spink has come almost from scratch to build the 16th largest UK agency (according to Campaign's 1984 figures) with a current billing of £60m.

SGB launches counter-attack

BY CHARLES BATCHELOR

SGB Group, one of the leading British scaffolding companies, yesterday launched its counter-attack against C. H. Beazer's £22.6m tender offer for 25 per cent of its shares.

SGB forecast that its pre-tax profits in the year ended September 1985 would be "comfortably in excess" of the £11.01m made the year before, though it gave no precise figure. In the first half of last year profits rose to £4.09m from £3.47m.

This improvement will take place after absorbing £1.5m worth of operating losses from activities which are being terminated. Virtually none of these losses will recur in 1986, SGB said.

It plans to pay a final net dividend of 4.7p (6.7p gross) making a total for the year of 7p (10p gross), an 11.1 per cent increase on the previous year.

SGB stressed in its defence document that two thirds of its UK profits came from non-scaffolding businesses such as plant and equipment hire, property maintenance and the hire and sale of portable cabins.

SGB described the Beazer approach as "the latest in a series of attempted acquisitions and major share dealings of a typically speculative nature."

It attacked the top-up provision introduced by Beazer for the first time in a UK tender, as being of only limited value.

The top-up offer—whereby shareholders who accepted the tender would be paid the difference if a full takeover bid were made, applied for only 12 months; would not be made up to the level of any rival bid; and would not apply if Beazer simply sold on its holding, SGB said.

SGB said its management had taken positive action to cut overhead costs of its UK scaffolding business by reducing the number of depots; returned the company to profit in the U.S. by moving from directly-owned branches to dealerships; and made plans to eliminate losses entirely in Australia.

It argued the tender offer was priced too low and would not give shareholders the right to Beazer's final dividend or SGB's proposed dividend.

Beazer has offered 46 of its own shares for every 100 SGB in an attempt to increase its stake in SGB from 4.9 per cent to 29.9 per cent. Its shares were unchanged at 460p yesterday, valuing its tender at 211.6p per share. SGB rose 2p to 222p. There is a cash alternative worth 195.5p.

Trust abandons £115m bid for SNIT

By Martin Dickson

THROGMORTON TRUST yesterday abandoned its £115m takeover bid for Scottish Northern Investment Trust in the face of SNIT's unusual counter-proposal for the unitisation of its assets.

Throgmorton launched a complicated part-cash, part-share bid in late July which was rejected by Aberdeen-based SNIT, which instead proposed that it be unitised under the management of Murray Johnstone, a leading Scottish fund manager. Simultaneously, Murray Johnstone and certain of its investment trusts bought a 14.9 per cent stake in SNIT.

The defensive strategy was unusual in that it is very rare for unitisation proposals — in themselves common — to be launched during a takeover attempt or for a fund manager to be so actively involved in a bid battle.

SNIT claimed that its unitisation proposals, published at the end of last week, would give shareholders a better return than the Throgmorton offer, since they would get units with a realisable value of not less than 95.1 per cent of the net assets of the trust.

This, it was argued, compared with a realisable value of only 90.3 per cent of net assets under Throgmorton's plan.

Throgmorton said yesterday that it had decided that it would not be in its shareholders' interests to increase the value of its bid to the level implied in the unitisation proposals — though it remained very difficult to draw precise comparisons between the two offers.

Throgmorton's decision will be a fillip for Murray Johnstone, which recently suffered the loss of a major fund under its management when the £150m Murray Growth Trust was taken over by the Merchant Navy Officers' Pension Fund.

SNIT's fate has been uncertain since May, when it announced plans to transfer its investment management to Stanecastle Assets, a fast-growing Edinburgh management group. That plan was rapidly overtaken by a number of other approaches, culminating in Throgmorton's bid.

Throgmorton's last major sally into Scotland was in 1983, when it launched a bid for the Pentland Investment Trust and ran into a ferocious Scottish lobby. Pentland tried to defend itself with plans for unitisation, but without success.

Spirax-Sarco achieves 'real terms' growth in first half

Spirax-Sarco Engineering, Cheltenham-based specialist in fluid control equipment, lifted taxable profits from £5.82m to £6.5m for the six months ended June 30 1985 and given the continuation of present trading conditions, directors expect a satisfactory full-year's result.

From interim turnover up from £37.37m to £39.83m the group produced trading profits of £6.28m, against £5.63m. Profits were after net interest receivable of £229,000 (£197,000) but subject to tax of £2.5m, compared with £2.1m.

The chairman adds that during the half year a number of microprocessor-based electronic temperature controls were launched, "representing a significant extension of our product capability."

The slowing down in the growth of the U.S. economy, referred to in the chairman's annual statement, has continued, the market for the group's established products having been quiet in the first half, Mr Brown says.

He adds, however, that sales efforts resulted in the turnover of the North American operations being, in effect, maintained in dollar terms, partly because of the progressive introduction of some of the newer products of other Spirax operations.

The chairman points out that directors have maintained their commitment to increase marketing, selling, and engineering support activities and he is satisfied the group is improving its position in the important North American market, "although under the trading conditions prevailing in the first half of the year this revenue investment in the future has reduced profitability."

On prospects, the chairman says that if current exchange rates are maintained until the year end, he envisages no similar translation benefits as those experienced in the second half of 1984 when the dollar appreciated against sterling.

● comment

Currency translation has become an obsession among observers of Spirax Sarco, and the shares shed 4p to 138p not so much because there was anything disappointing about the performance — profits were in line with forecasts—but because of the caution expressed over exchange rates. On the trading side the group is looking well: Drayton has suffered a downturn in the face of poor demand for central heating and the U.S. activities have continued to battle against stagnant demand and the cost of building up market share, but strengths elsewhere outweigh these weaknesses. Nonetheless Spirax is right to point to the fact that the full year's figures would have to be outstanding to show how much of an advance on last year's, which benefited by up to £1½m through currency translation. With sterling at its present level, forecasts are being trimmed back to £15m, putting the shares at a modest discount to the sector average on a prospective p/e ratio of 10½.

COMPANY NEWS IN BRIEF

BIDS AND DEALS

BRITISH EMPIRE Securities and General Trust has increased to 8.77 per cent its holding in Scottish Investment Trust. British Empire has undergone a sharp change of investment strategy, from income growth to capital growth, since Imperial Life Assurance of Canada acquired a 29.9 per cent stake last year.

CADBURY SCHWEPPES: Guaranty Nominees, a subsidiary of Morgan Guarantee Trust Co, holds 57.3m ordinary shares in the company (11 per cent). The shares underlie American Depositary Receipts issued by Morgan Guarantee.

WHITBREAD Investment Company confirmed yesterday that it has recently increased its shareholding in Boddingtons, the Manchester Brewer, from 19 per cent to 21.97 per cent. The investment company, an arm of Whitbread, Britain's third largest brewer, has acquired the shareholding held by Bass, the country's biggest brewer, in Higsons Brewery which was acquired by Boddingtons earlier this year.

TURRIFF CORPORATION: Fidelity International has bought 35,000 shares (8 per cent) of Turriff, a builder and property developer. Warburg Investment Managements has sold 400,000 shares (9 per cent). Mr Christopher Selmes, the financier, was reported in April to have built up a stake of 14.8 per cent in the company (including options).

HAWTIN has acquired Chris Neal Design for £30,000, of which £5,000 is payable in cash and £25,000 to be satisfied by the issue of 166,666 Hawtin ordinary shares valued at 15p per share. Chris Neal Design is a new company based in Truro, Cornwall.

F. H. TOMKINS' chief executive, Mr Greg Hutchings and his family interests, yesterday placed 250,000 Tomkins' shares with institutions, reducing Mr Hutchings' interests in the company to 1.76m shares (about 4.5 per cent).

VICKERS' subsidiary, Vickers Furniture, has acquired the office furniture activities of C. A. Parsons of Ireland from Northern Engineering Industries, the Newcastle-based engineering group.

HAMPTON TRUST'S issue of first mortgage debenture stock is priced at £99.97, not at £99.17 as reported yesterday.

HOWARD GROUP, a holding company for two Lloyd's brokers, has completed its arrangements to secure the services of two U.S. property broking specialists. It has done so by increasing from 2 per cent to 51 per cent its holding in Popple, Cross & Barnard, a company formed recently with the two specialists. The cost was £49,980 and it has an option to buy out the remaining 49 per cent or require the minority holder to buy it out.

GARTMORE INFORMATION & Financial Trust has acquired a holding of between 5 per cent and 10 per cent of Woodchester Investments, a Dublin-based leasing concern. Mr Nigel Cobby, Gartmore director, has been appointed to the Woodchester board.

BOULTON & PAUL, the BET building services and home improvements subsidiary, has sold its replacement window concern, Sky Home Improvements, to L. B. Plastics. Sky's turnover is some £3.1m.

BURNS-ANDERSON has received acceptances for its rights issue in respect of 3.4m new ordinary shares (90.5 per cent), and those not taken up have been sold at a premium.

KIRKLAND - WHITTAKER Group, London-based international money broker, has acquired a 51 per cent interest in A. M. Grosman, Australian money broker, for A$110,000 (£54,850), with the intention of increasing its interest to 75 per cent within three years.

BLACKWOOD BROS, the carpet yarn spinning offshoot of Dawson International, has acquired the spinning assets of Busby Spinning at Kilwinning near Kilmarnock to make it one of the largest and strongest companies in the industry.

RESULTS

INDUSTRIAL Precision Castings, which makes and markets high precision light alloy castings for aerospace and defence industries, reports pre-tax profits of £334,771 (£274,449) in the year to April 27 1985, on turnover of £3.66m (£3.6m). A final dividend of 1.44p (nil) is being recommended. Earnings per share are stated at 3.81p (3.65p).

JENNERS a private company, raised pre-tax profits to £512,000 (£247,000) for the half year to July 31, 1985, on turnover, excluding VAT, of £8.2m (£6.84m). The second half has started quite well, but the rate of sales increase will not be maintained.

CITY OF OXFORD Investment Trust is raising the interim dividend to 2.5p net per share (2p) and expects to pay final above last year's 4.1p. Income for half-year September 30 1985 came to £301,000 (£266,000). Net revenue £173,000 (£160,000) for earnings 4.24p (3.94p) per share. Net asset value per share 269.8p (218.3p).

YEARLING BONDS totalling £7.5m at 11$\frac{1}{16}$ per cent redeemable on October 22 1986, have been issued by the following local authorities: Greater Manchester Passenger Transport Executive £0.5m; Shepway District Council £0.5m; West Dorset DC £0.5m; West Oxfordshire DC £0.25m; Hammersmith & Fulham (London Borough of) £2.5m; Hereford City Council £0.5m; Newark & Sherwood DC £0.5m; Eastbourne Borough Council £0.25m; Sheffield (City of) £1.25m; South Derbyshire DC £0.5m; Tamworth (Borough of) £0.25m.

MUNICIPAL PROPERTIES pre-tax revenue amounted to £189,560 for the first six months of 1985, compared with £153,054, and included this time a £56,014 profit on the sale of a property dealing subsidiary. Tax charge took £75,000 (£70,000) and there was a £264,430 (£405,553) surplus on sales of properties and investments.

UK COMPANY NEWS

Bejam profit up 23%: more stores planned

CONTINUED expansion is reported by the Bejam Group of retailers of frozen foods and appliances, both in monetary and physical terms.

In the year ended June 29, 1985, the group pushed up its turnover by 11.8 per cent, from £302.97m to £338.73m, and expanded its pre-tax profit by 22.65 per cent, from £15.67m to £19.22m.

By the end of the period the number of branches trading stood at 215, an increase of 8, and a further 12 are planned for the first half of the current year.

Shareholders' reward is an increase in their dividend from *the equivalent of 3p to 3.75p net* per share. The final is 2p.

They are told that despite the effect of the disappointing summer on the sales of ice cream and other seasonal products, further progress has been made in the first quarter of this year and they can look for a record profit in 1985-86.

A new and "very flexible" charge card has been launched which is expected to be popular *with customers for both food and* appliances. The new scheme is being financed and administered by Beneficial Trust, which has acquired Bejam's interests in the two companies which administered earlier restricted credit arrangements.

A breakdown of the 1984-85 turnover shows food accounted for £304.33m (£269.65m), freezers, microwave cookers and refrigerators for £26.31m (£21.78m), and *others for £8.09m (£11.54m).*

The decrease in other sales was due to a reduction of £4.5m in wholesale sales, which were transfers of raw material at cost to a meat processing company which ceased to be an associate in 1983-84.

The profit was struck after an increase from £633,000 to £801,000 in the employees' profit sharing scheme. Tax takes £8.33m (£7.34m) to leave the net profit at £10.89m (£8.33m), for *earnings of 8.8p (adjusted 6.76p)* per share. There is an extraordinary debit of £271,000 relating to the disposal of the credit companies (£2.86m).

● comment

Falling chip prices are a feature of the frozen food business as well as the electronics industry. For Bejam the 50 per cent drop in chips was illustrative of the cheapness of fresh vegetables in *the group's* second half to June. The result was a slackening of price rises. Price inflation accounted for 2 per cent of sales growth for the year but only 1 per cent of that for the second half. Of the 13½ per cent annual *increase in retail sales,* 5½ per cent came from new stores and the same amount from extra volume. Price growth might pick up in mid-winter. The new openings campaign is gathering momentum, with 12 more outlets, all south of the M4, due to be trading by Christmas, and 20 in total for the current year. Floor space frozen by Bejam will reach 1m sq ft by December. Cash rich, the group is not much concerned at what Asda will do in November, as most of the impact will be further north. Pre-tax profits of £22½m are forecast. This has the shares well up with events at 182p, on a prospective multiple of 17½, with *a 43 per cent tax charge.*

Eleco at record £2.2m and sees sustained growth

Eleco Holdings has achieved a record £2.2m in pre-tax profits for the year to June 30 1985, a 26 per cent improvement on the previous £1.76m, and Mr F. Webster, the chairman, believes the scene is set for a sustained period of growth.

The group, which has interests in construction, engineering and property saw its turnover rise by 30 per cent to £25.64m (£19.69m) over the year. At the interim stage profits of £810,000 (£761,000) were reported on turnover of £9.69m (£10.62m).

Total dividends for the year are *being lifted to 3.7p (3.5p),* with an increased final of 2.7p (2.5p). Stated net earnings per 10p share are ahead by 0.6p at 9.9p.

The chairman says that benefits from the restructuring *of trading activities in engineering* are reflected in that division's performance, with pre-tax profits ahead by 32 per cent to £574,000 on turnover up 9.5 per cent to £9.36m.

Substantial capital investment was made in plant and machinery and additional manufacturing capacity was acquired in the division to cater for the expected expansion of its lighting operations. Engineering has also set its sights on expanding its trunking businesses, the chairman states.

In construction activity was at a record level over the year, rising 46 per cent to £16.3m, and pre-tax profits increased by 42 per cent to £680,000.

Eleco has embarked on a planned diversification into traditional housebuilding to offset a possible decline in industrial building. The results from this will begin to show in the current year, Mr Webster says, and adds that housebuilding is already showing signs of achieving a fair potential.

The success of the group's property portfolio continued with a further rise in gross rental income to £945,000, a 38 per cent growth. To widen its field of operations the division intends to pursue a policy of acquisitions of sites with the aim of development and disposal. This should augment the group's property income in due time.

After a tax charge of £582,000 against £228,000, attributable profits emerged £94,000 ahead at £1.62m. Dividends absorb an increased £607,000 (£574,000).

LOW & BONAR is close to concluding a deal to purchase for between £150,000-£200,000 cash the shares of Don & Low (Packaging) from Don Brothers Buist. The deal should be completed by the end of November.

Marshalls Universal produces £0.82m from UK interests

Marshall's Universal, motor vehicle, components and paper products distributor, reports pre-tax profits down to £821,000 (£1.12m) in the six months to June 30 1985 on turnover of £26.57m (£32.85m), reflecting the disposal of the company's East African interests.

These interests contributed £448,000 to pre-tax profits in the six months to June 30 1984. Turnover within the UK, which represents the continuing base of the company's business, rose to £26.5m against £23.7m.

The interim dividend has been increased to 1p (0.25p).

Directors say they will be considering a second interim dividend covering the year to December 31 and a final at the end of the current 15-month trading period on March 31 1986. *Thereafter the accounting year* will begin on April 1.

Under terms of the disposal of the East African interest, the profits from the start of the year accrued to the purchaser. The six months trading consequently *refers to profits made by companies* operating in the UK.

About £8.3m was originally due in respect of this disposal, *about £1.3m of which is still outstanding* and is expected to be cleared by the end of the year.

The board says the first-half figures highlight the performance of the Industrial and Components division, which exceeded best forecasts.

M.U. Paper Group increased its turnover but found it difficult to maintain its profit margins because of rising overheads and increasing competition.

The company has further reduced its involvement in motor distribution by the closure of its branch at Euston, London, confining motor retailing to Croydon.

A number of acquisitions are *actively being considered* to enlarge the Industrial and Components division. The company looks forward to greatly increased sales and productivity throughout the group.

Borrowings are down consider*ably and at the end of the half-*year were £2.45m (£9.35m).

Full-year trading results will be affected by the loss of East African earnings. Directors are confident that the consequent re-shaping of the group's interests will be completed by the end of the first quarter of 1986.

The directors say extending *the financial period to 15 months* to March 31, 1986, will help shareholders to assess the progress of the group after the re-organisation.

Changing the year end from December 31 will reduce costs *associated with stocktaking over* Christmas and the New Year.

The profits of Road Signs-Franco, acquired on May 1 1985 have been included in the figures for the full six-month period. Comparison figures have been adjusted.

Distribution and administration costs fell to £4.36m (£6.22m), interest payments were £481,000 (£522,000) while redundancy and branch closure costs were £119,000 (nil).

Earnings per share were 2.83p (4.18p).

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders *(1980=100)*; retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1984							
3rd qtr.	102.3	101.3	107	111.4	133.3	3,076	165.1
4th qtr.	103.4	101.2	105	112.7	164.0	3,103	164.1
1985							
1st qtr.	106.0	102.7	102	113.3	133.9	3,138	160.8
2nd qtr.	108.0	103.1	97	115.0	141.4	3,174	172.1
3rd qtr.				116.5		3,180	179.6
February	105.3	102.4	108	112.7	130.2	3,144	159.7
March	107.1	103.5	102	113.9	136.5	3,147	162.9
April	107.8	102.9	90	113.5	140.3	3,176	169.8
May	108.2	102.4	97	115.3	142.0	3,177	170.7
June	107.9	104.0	102	116.0	141.8	3,169	175.9
July	106.3	101.4		116.0	146.9	3,175	176.9
August	106.8	102.9		117.5	145.4	3,183	177.7
September				115.9		3,180	184.2

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
2nd qtr.	101.6	96.8	105.5	98.8	107.6	97.7	18.0
3rd qtr.	102.0	97.7	104.6	100.2	110.8	98.2	16.2
4th qtr.	102.5	98.3	106.1	99.7	107.3	99.4	13.3
1985							
1st qtr.	102.8	102.2	109.2	103.2	112.1	98.8	13.8
2nd qtr.	102.2	102.8	113.2	103.6	121.6	98.5	18.6
February	102.7	101.2	108.2	103.0	111.0	99.0	13.2
March	103.1	104.0	110.4	104.0	115.0	100.0	16.6
April	101.9	102.2	113.4	103.0	120.0	98.0	17.9
May	101.3	102.4	114.1	103.0	122.0	97.0	19.9
June	103.4	103.7	112.1	105.0	123.0	100.0	17.9
July	100.5	100.7	111.7	101.0	122.0	98.0	18.4
August	102.3	102.6	110.9	104.0	124.0	99.0	15.9

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
3rd qtr.	109.9	122.7	−1,615	−363	+1,804	97.2	15.26
4th qtr.	119.7	129.1	−1,313	+424	+1,468	96.6	15.52
1985							
1st qtr.	120.5	128.5	−1,283	−535	+1,862	96.5	14.80
2nd qtr.	120.6	126.0	−222	+1,183	+2,368	98.2	14.11
February	123.6	127.5	−241	−12	+675	96.2	15.35
March	119.6	136.8	−977	−704	+260	96.5	13.53
April	121.8	130.2	−259	+210	+687	97.3	14.03
May	121.7	121.0	+252	+721	+838	98.3	13.98
June	118.4	126.9	−216	+252	+843	99.1	14.32
July	116.9	122.6	−56	+344	+693	99.5	14.26
August	113.5	122.7	−194	+206	+667	101.3	14.26
September							14.18

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,813	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,064	12.50
3rd qtr.					1,771		11.50
February	3.1	−5.0	4.6	13.3	474	1,013	14.00
March	−1.3	−1.2	9.2	16.0	214	965	13.50
April	5.4	22.2	18.8	19.5	507	1,061	12.63
May	4.2	33.2	18.4	17.7	615	1,042	12.63
June	5.7	44.6	25.1	20.2	401	961	12.50
July	4.4	19.1	8.3	16.8	650	1,129	11.50
August	2.4	22.7	14.9	22.2	524	1,116	11.50
September					597		11.50

***INFLATION**—Indices of earnings (Jan 1980=100);* basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.95	78.0
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	72.0
2nd qtr.	170.3	138.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.		133.4	140.2	376.3	335.5		
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March	168.1	145.5	137.5	366.1	335.4	295.22	73.3
April	169.4	140.8	139.2	373.9	338.8	295.08	78.0
May	169.4	138.8	139.5	375.6	339.3	279.98	78.7
June	171.9	136.7	139.6	376.4	340.1	278.13	79.9
July	173.7	134.0	139.9	375.7	335.3	259.51	83.6
August	173.5	133.0	140.1	376.7	335.3	254.34	81.6
September		138.2	140.5	376.5	335.8	251.12	81.4

* Not seasonally adjusted.

House of Lerose profit disappoints

Pre-tax profits at the **House of Lerose,** garment manufacturer, fabric printer, are still not a satisfactory return on turnover achieved, say the directors.

For the first six months of 1985 turnover amounted to £9.22m compared with £9.55m, while profits amounted to £312,000 against £225,000 previously.

And the directors warn that, in the second half of the year, sales of the group's autumn range have been disappointing which will be reflected in full-year results.

For 1984 turnover was little changed at £17.96m (£17.45m) but profits slumped by £1m to £727,000.

The directors add that the decision has been taken to close the dyeing division, where the business and margins obtainable no longer justify its continuance. This will give rise to an extraordinary charge which will be included in the year end accounts.

Further work will be done, they add, to achieve more efficient production at lower cost.

After tax of £114,000, compared, with £81,000 earnings came out at £168,000, against £144,000, equal to 2.9p (2.5p) per share.

The directors are confident that, having identified the company's problems, the correct steps are being taken to resolve them. They, therefore, consider it appropriate to maintain the interim dividend at 3p — last year's final payment was 5p.

LONDON and Continental Advertising Holdings is proposing to *write off the goodwill arising on* the consolidated balance sheet against reserves, so there will be no impact on future profit and loss accounts. An extraordinary general meeting has been called for November 4 at which it will be proposed to cancel the entire share premium account for this purpose.

Asda Property makes £0.4m and is optimistic

Asda Property Holdings, which obtained a listing in April, turned in a pre-tax profit of £434,000 for the first half of 1985. This compares with £612,000 for the nine months to December 31, 1984, as shown in the accountants' report in the prospectus. Comparable results for the six month ended June 30, 1984, are not available.

The directors consider the results to be satisfactory and are optimistic for the outlook for the year as a whole. It remains their intention to pay an annual dividend of 3p per share as forecast in the prospectus.

Turnover for the six months amounted to £4.73m (£6.36m for nine months) of which £3.11m (£4.36m) related to gross income on sales of trading properties. Pre-tax results were struck after interest charges of £1.23m (£1.3m).

Tax was higher at £180,000, against £99,000 reduced by tax allowances last time. After minorities, profits before extraordinary items came to £252,000 (£508,000) representing stated earnings per 20p share of 2.9p (6.8p).

Gross rental income for the period was £1.23m, which represents a significantly proportional increase over the figure shown for the nine months to December 31, 1984, of £1.35m. With the impact of further rent reviews and new purchases. The company is confident this trend will be maintained for the second half.

The shop at High Street, Newmarket, which was shown in the prospectus to be in the course of development, has been let at an initial rent of £20,000 p.a. as anticipated. Planning consent for 22 Fitzroy Square has now been granted and refurbishment is due to commence shortly.

Value of residential properties in London and the Home Counties have continued to rise since the beginning of the year and the high number of sales has been maintained. New purchases have resulted in a net increase in the number of residential properties held by the company.

The acquisition of Mercari Holdings for a cash consideration of some £2.5m was completed at the end of July. The net assets of Mercari at the date of purchase were estimated by Asda directors to have a value of about £4m before provision for tax on realisation of the property portfolio. The directors say that sales agreed to date have exceeded expectations.

Helene London ahead at £0.62m

Helene of London, fashion-wear manufacturer, has increased pre-tax profits from £381,543 to *£623,550 for the six months to* June 30 1985.

An interim of 0.5p (0.37p) is being recommended, in line with the board's intention of increasing the interim to distribute dividend payments more evenly throughout the year.

Directors say the final dividend will be at least maintained at last year's 1.11p.

The company says sales in the third quarter show an increase over the equivalent period of last year. However, it adds that the fourth quarter has the greater impact on second-half results.

Turnover rose to £10.25m (£8.56m) with tax of £274,000 *(£184,000) and minority debits* of £447 (£787).

Earnings per share rose to 1.1p (0.7p).

AGB RESEARCH margins were not considered satisfactory, Sir Bernard Audley, chairman, told the annual meeting and action had been taken to improve performance. He added that the group was on target for the strategy outline two years ago and he was very satisfied with the continuing success of the overseas companies, particularly in the U.S. and Australia.

Garfunkels in £3.4m cash call—full listing

Garfunkels Restaurants, a rapidly expanding USM quoted London restaurant chain, is raising £3.4m net via a one-for-eight rights issue at 100p. The money will be used to extend the company's expansion programme of buying and refurbishing restaurants

The company also an*nounced yesterday plans* to obtain a full listing, and dealings in its shares on the main market are expected to begin on October 21.

Garfunkels has recently bought five new branches, two of which are in the West End, two in the suburbs, and one in Brighton. This marks the first step in opening restaurants outside London.

The rights issue is the fourth issue of shares since the company came to the USM in 1982, one of which was used to finance the £5.8m purchase of fellow USM-quoted restaurant chain, Strikes.

The market greeted the latest issue well, and the shares ended the day yesterday barely changed at 123p.

The directors have agreed to subscribe for 59,000 of the 1.2m shares allotted to them, the remainedr being underwritten by Capel-Cure Myers, which is broker to the issue.

● comment

Garfunkels is not letting the fact that the West End cannot accommodate many more of the original Garfunkels restaurants worry it too much. The two newer chains, the Deep Pan Pizza Company and more recently Big'uns, are providing the growth impetus in the West End, the suburbs and now in the Home Counties as well. Strikes has been successfully absorbed and converted to one of the Garfunkels formats, and the cost has been borne out of cash flow. The company, which has never believed in borrowed funds, is now asking shareholders to put up money to finance one last spending spree before it *settles into a steadier rate of* expansion funded internally. Previous rights issues demonstrate the management's ability to use shareholders' money to effect, and there is no reason to believe matters will be different this time. The one question mark is sterling: Garfunkels has thrived under the inflow of tourists to London, and *if* the pound starts to strengthen convinc*ingly some of the gloss* may be taken off future profits. Even so, profits this year of £2.8m look well with reach, with about £3.6m likely for next year. The shares at 123p are on a truly diluted prospective p/e of 18 (30 per cent tax).

United Parcels falls to £3.25m after poor Atlas results

PRE-TAX profits of United Parcels, which operates express parcel services, dropped from £3.53m to £3.25m for the half year to *July 27 1985. But* Mr James White, the chairman, says had it not been for poor results from Atlas Express, acquired towards the end of 1984, interim figures would have been comfortably ahead.

Mr White says it has taken longer than originally expected to eliminate Atlas losses, but there are now clear indications that the considerable efforts of the last few months in this connection are beginning to bear fruit.

Current volumes in the parcels business are ahead of last year and, if these levels continue, with the balance of the group performing soundly, the board is confident of a good second half result.

The company's £5m offer for York Trailer was accepted as the half year drew to a close and a healthy contribution to the year's results is expected from this source.

Turnover for the half year increased from £31.13m to £44.12m. Tax charge was £1.09m (£1.41m) giving a net balance little changed at £2.16m, against £2.12m.

Stated earnings per 10p share *were 3.4p (3.3p)* and the interim dividend is raised from 0.8p to 0.9p net, costing £571,000 (£508,000)—last year's total was 3p on £7.07m pre-tax profits.

● comment

United *Parcels* allowed Atlas Express's existing management time to learn the ways of its new parent in preference to flooding it with its own managers. It is now making a profit but that gentle approach held back the recovery and in the first half Atlas's losses were running well over £½m. If it can win enough volume Atlas could still break even for the year though as a high fixed cost operation volume is the crucial ingredient for the whole of United's transport service. The sector generally is growing slowly thanks to some converts from in-house transport but it is a business which attracts newcomers and pricing continues to be cut-throat. The *strategy is to gradually* win market share on the back of quality service and the introduction of next day delivery, probably early next year, will help the cause. York Trailer will be making a contribution in *the second* half and United can expect a pretty good return from its £5m investment helping to lift group profits to around £8m pre-tax. Though it will be 1986-87 when the big push forward comes with Atlas in profit and York in for a full year. At 103p, the prospective p/e of 12½ is not obviously cheap but that number drops to around 9 for the following year.

BOARD MEETINGS

The following companies have notified *dates of board meetings to the Stock* Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last *year's* timetable.

TODAY

Interims: J. Billam, Dares Estates, East Rand Gold and Uranium, London Atlantic Investment Trust, H. C. Slingsby, Smaller Co's International Trust, Steel Brothers.

Finals: Abaco Investments, Audio Fidelity, Blue Bird Confectionery, Albert Fisher, Free State Geduld Mines, Highland Electronics, S. Lyles, Pochin's, President Brand Gold Mining, President Steyn Gold Mining, Welkom Gold Mining, Western Holdings.

FUTURE DATES

Interims:
Joseph (Leopold) Sterling Fund .... Oct 24
Ruo Estates .... Oct 23

Finals:
High-Point Services .... Oct 21
Markheath Securities .... Oct 21
National Australia Bank .... Nov 14
Share Drug Stores .... Nov 25

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	■ J. Henry Schroder Wagg	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

Gencor Group

Gold Mining Companies' Reports for the Quarter ended 30 September 1985

All companies mentioned are incorporated in the Republic of South Africa

WINKELHAAK Mines Limited

Company Registration No. 55/03606/06
Issued capital – 12 180 000 shares of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	Year ended 30.9.1985
Mined (m²)	158 538	153 479	618 506
Ore milled (t)	606 000	606 000	2 432 000
Gold produced (kg)	3 514	3 514	14 135
Yield (g/t)	5,8	5,8	5,8
Working revenue (R/t milled)	133,03	118,49	120,57
Working costs (R/t milled)	49,91	46,93	46,57
(R/m² mined)	190,78	185,31	183,13
Working income (R/t milled)	83,12	71,56	74,00
Gold price received (R/kg)	22 510	20 333	20 508
($/oz)	322	323	321
FINANCIAL RESULTS (R'000)			
Working revenue	80 617	71 805	293 220
Working costs	30 246	28 441	113 266
Working income	50 371	43 364	179 954
Sundry income – net	3 208	5 872	16 821
Tribute and royalties – net	(569)	(433)	(1 822)
Income before taxation and State's share of income	53 010	48 803	194 953
Taxation and State's share of income	34 520	31 554	128 549
Income after taxation and State's share of income	R18 490	R17 249	R66 404
Capital expenditure	3 669	2 809	10 059
Dividend declared	28 014	—	56 028
DEVELOPMENT – Kimberley Reef			
Advanced (m)	4 542	4 510	17 140
Advanced on reef (m)	730	974	3 393
Sampled (m)	777	916	3 423
Channel width (cm)	65	76	72
Average value – gold (g/t)	16,2	21,3	17,8
– (cm.g/t)	1 051	1 618	1 278

ORE RESERVES as at 30 September 1985

	Available	Un-available	In-accessible	Total mine
Tons (000's)	7 100	2 300	1 200	10 600
Stope width (cm)	112	112	110	112
Value – gold (g/t)	8,8	8,4	9,7	8,8
– (cm.g/t)	986	945	1 063	986

Ore reserve pay limit is calculated at an estimated gold price of R22 500/kg.

REMARKS

Capital expenditure
Amounts approved not yet spent – R20 042 000.
Commitments in respect of contracts placed – R1 535 000.

Dividends
On 5 September 1985 dividend No. 51 of 230 cents per share was declared payable to members registered on 20 September 1985. Dividend warrants will be posted on 7 November 1985.

BRACKEN Mines Limited

Company Registration No. 59/01126/06
Issued capital – 14 000 000 shares of 90 cents each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	Year ended 30.9.1985
Mined (m²)	62 779	67 125	287 115
Ore milled (t)	246 000	250 000	1 003 000
Gold produced (kg)	961	975	3 865
Yield (g/t)	3,9	3,9	3,9
Working revenue (R/t milled)	87,49	80,39	79,90
Working costs (R/t milled)	46,70	42,56	42,93
(R/m² mined)	183,01	158,53	161,18
Working income (R/t milled)	40,79	37,83	36,97
Gold price received (R/kg)	21 847	20 307	20 305
($/oz)	320	319	317
FINANCIAL RESULTS (R'000)			
Working revenue	21 522	20 097	80 135
Working costs	11 489	10 641	43 054
Working income	10 033	9 456	37 081
Sundry income – net	1 629	2 046	5 585
Tribute and royalties – net	(130)	(171)	(712)
Income before taxation and State's share of income	11 532	11 331	41 954
Taxation and State's share of income	7 262	7 116	27 099
Income after taxation and State's share of income	R4 270	R4 215	R14 855
Capital expenditure	353	158	656
Dividend declared	8 400	—	14 000
DEVELOPMENT – Kimberley Reef			
Advanced (m)	912	864	3 557
Advanced on reef (m)	251	192	1 021
Sampled (m)	266	189	1 035
Channel width (cm)	25	35	45
Average value – gold (g/t)	10,9	10,9	9,8
– (cm.g/t)	269	385	440

ORE RESERVES as at 30 September 1985

	Available	Un-available	In-accessible	Total mine
Tons (000's)	800	900	200	1 900
Stope width (cm)	109	107	108	108
Value – gold (g/t)	4,7	5,2	6,9	5,2
– (cm.g/t)	514	563	747	561

Ore reserve pay limit is calculated at an estimated gold price of R22 500/kg.

REMARKS

Capital expenditure
Amounts approved not yet spent – R703 000.
Commitments in respect of contracts placed – nil

Dividends
On 5 September 1985 dividend No. 46 of 60 cents per share was declared payable to members registered on 20 September 1985. Dividend warrants will be posted on 7 November 1985.

Gold forward sales
Working revenue includes the effect of closing out of forward sales contracts during the quarter.

STILFONTEIN Gold Mining Company Limited

Company Registration No. 05/33412/06
Issued capital – 13 062 920 shares of 50 cents each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	9 months ended 30.9.1985
Mined (m²)	123 861	129 337	371 866
Ore milled (t)	442 000	450 000	1 330 000
Gold produced (kg)	2 411	2 430	7 488
Yield (g/t)	5,5	5,4	5,6
Working revenue (R/t milled)	126,40	114,86	121,04
Working costs (R/t milled)	93,07	85,67	87,77
(R/m² mined)	331,77	298,86	313,79
Working income (R/t milled)	33,33	29,19	33,27
Gold price received (R/kg)	23 132	21 374	21 451
($/oz)	369	332	355

The above figures exclude ore processed for Buffelsfontein Gold Mining Company Limited.

FINANCIAL RESULTS (R'000)	Quarter ended 30.9.1985	Quarter ended 30.6.1985	9 months ended 30.9.1985
Working revenue	55 869	51 686	160 985
Working costs	41 139	38 553	116 731
Working income	14 730	13 133	44 254
Sundry income – net	2 378	2 280	6 934
Tribute and royalties – net	(3 278)	(2 378)	(8 083)
Income before taxation and State's share of income	13 830	13 035	43 125
Taxation and State's share of income	6 128	3 182	16 498
Dividend received	—	7 200	7 200
Income after taxation and State's share of income	R7 702	R17 053	R33 827
Capital expenditure	1 903	1 730	4 893
Dividend declared	—	18 288	18 288

DEVELOPMENT	Quarter ended 30.9.1985 Vaal Reef	Quarter ended 30.9.1985 V.C.R.	Quarter ended 30.6.1985 Vaal Reef	Quarter ended 30.6.1985 V.C.R.	9 months ended 30.9.1985 Vaal Reef	9 months ended 30.9.1985 V.C.R.
Advanced (m)	8 157	3 504	7 195	3 141	22 948	9 164
Advanced on reef (m)	754	578	690	570	2 294	1 537
Sampled (m)	705	565	670	870	2 255	1 525
Channel width (cm)	25	53	35	50	31	55
Average value						
– gold (g/t)	48,4	7,1	28,8	6,1	33,4	6,3
– (cm.g/t)	1 209	374	1 001	308	1 036	347
– uranium (kg/t)	0,900	0,191	0,408	0,127	0,540	0,144
– (cm.kg/t)	22,49	10,11	14,28	6,37	16,75	7,93

REMARKS

Capital expenditure
Amounts approved not yet spent – R5 192 000.
Commitments in respect of contracts placed – R1 162 000.

Dividends
A dividend of 140 cents per share was paid on 8 August 1985.

Gold forward sales
In order to ensure the profitability of the gold mining operations, the mine has sold forward its expected gold production to December 1985 and approximately 80 per cent of expected production from January to September 1986. Prices range from R24 285 per kilogram in October 1985 to R27 370 per kilogram in September 1986.
The attention of shareholders is drawn to the fact that the above transactions may be closed out prior to maturity date, or rolled over at any time. The effect of transactions closed out during the quarter is brought to account in working revenue.

Chemwes Limited

Company Registration No. 64/02378/06
(A subsidiary of Stilfontein Gold Mining Company Limited)
Issued capital – 1 000 shares of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	9 months ended 30.9.1985
Uranium			
Pulp treated (t)	568 000	543 000	1 639 000
Oxide produced (t)	72,7	67,0	206,7
Yield (kg/t)	0,128	0,123	0,126
FINANCIAL RESULTS (R'000)			
Net income after taxation	R3 930	R17 035	R25 454
Capital expenditure	121	107	388
Dividend declared	—	9 000	9 000

REMARKS

Capital expenditure
Amounts approved not yet spent – R279 000.
Commitments in respect of contracts placed – nil.

Dividends
A dividend of R9 million was paid on 8 August 1985.

The GROOTVLEI Proprietary Mines Limited

Company Registration No. 01/02088/06
Issued capital – 11 438 816 stock units of 25 cents each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	9 months ended 30.9.1985
Mined (m²)	119 475	114 057	351 836
Ore milled (t)	480 000	500 000	1 490 000
Gold produced (kg)	1 633	1 693	5 162
Yield (g/t)	3,4	3,4	3,5
Working revenue (R/t milled)	75,30	68,57	72,59
Working costs (R/t milled)	53,20	47,48	48,13
(R/m² mined)	213,74	208,15	203,85
Working income (R/t milled)	22,10	21,09	24,46
Gold price received (R/kg)	22 032	20 156	20 878
($/oz)	322	319	315
FINANCIAL RESULTS (R'000)			
Working revenue	36 145	34 284	108 154
Working costs	25 537	23 741	71 720
Working income	10 608	10 543	36 434
Sundry income – net	1 146	751	3 613
Tribute and royalties – net	(42)	(21)	(111)
Income before taxation	11 712	11 273	39 936
Taxation	4 772	6 087	20 530
Income after taxation	R6 940	R5 186	R19 406
Capital expenditure	2 457	788	4 393
Dividend declared	—	9 723	9 723

DEVELOPMENT	Quarter ended 30.9.1985 Black Reef	Quarter ended 30.9.1985 Kimberley Reef	Quarter ended 30.6.1985 Black Reef	Quarter ended 30.6.1985 Kimberley Reef	9 months ended 30.9.1985 Black Reef	9 months ended 30.9.1985 Kimberley Reef
Advanced (m)	375	2 372	378	2 780	1 221	7 846
Advanced on reef (m)	255	1 244	268	1 588	821	4 219
Sampled (m)	241	1 220	255	1 566	801	4 158
Channel width (cm)	107	17	105	17	107	17
Average value						
– gold (g/t)	14,3	12,9	14,7	13,6	12,1	13,8
– (cm.g/t)	1 534	220	1 541	231	1 295	235

REMARKS

Capital expenditure
Amounts approved not yet spent – R5 962 000.
Commitments in respect of contracts placed – R4 981 000.

Dividends
A dividend of 85 cents per stock unit was paid on 8 August 1985.

Pumping of extraneous water
The decision by the Government Mining Engineer to cease refunding costs incurred in the pumping of extraneous water after 1 July 1985 has had the effect of increasing costs per ton milled for the quarter by R2,80.

MARIEVALE Consolidated Mines Limited

Company Registration No. 05/08778/06
Issued capital – 4 500 000 shares of 25 cents each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	9 months ended 30.9.1985
Mined (m²)	14 148	15 086	43 946
Ore milled (t)	78 000	90 000	264 000
Gold produced (kg)	246	291	854
Yield (g/t)	3,2	3,2	3,2
Working revenue (R/t milled)	67,88	66,17	67,81
Working costs (R/t milled)	62,18	49,27	52,36
(R/m² mined)	342,8	293,93	314,5
Working income (R/t milled)	5,70	16,90	15,45
Gold price received (R/kg)	20 918	20 262	20 580
($/oz)	318	320	312
FINANCIAL RESULTS (R'000)			
Working revenue	5 295	5 955	17 902
Working costs	4 850	4 434	13 822
Working income	445	1 521	4 080
Sundry income – net	319	293	923
Tribute and royalties – net	(1)	—	(3)
Income before taxation	763	1 814	5 000
Taxation	176	1 007	2 600
Income after taxation	R587	R807	R2 400
Capital expenditure	49	—	49
Dividend declared	—	1 575	1 575
DEVELOPMENT			
Advanced (m)	767	857	2 470
Advanced on reef (m)	437	399	1 375
Sampled (m)	425	393	1 352
Channel width (cm)	48	70	62
Average value – gold (g/t)	10,0	5,8	7,3
– (cm.g/t)	481	403	454

REMARKS

Capital expenditure
Amounts approved not yet spent – R151 000.
Commitments in respect of contracts placed – R151 000.

Dividends
A dividend of 35 cents per share was paid on 8 August 1985.

Gold forward sales
Working revenue includes the effect of closing out of forward sales contracts during the quarter.

Labour unrest
The loss in production was as a result of actions taken by members of the NUM, which led to the dismissal of 1 051 employees. This necessitated the employment and training of new employees, which will also affect production in the current quarter.

ST. HELENA Gold Mines Limited

Company Registration No. 05/20743/06
Issued capital – 9 625 000 ordinary shares of R1 each.
– 10 115 070 cumulative preference shares of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	9 months ended 30.9.1985
Mined (m²)	152 055	134 270	420 674
Ore milled (t)	600 000	615 000	1 814 000
Gold produced (kg)	3 120	3 075	9 309
Yield (g/t)	5,2	5,0	5,1
Working revenue (R/t milled)	116,58	101,34	107,58
Working costs (R/t milled)	57,19	52,94	53,44
(R/m² mined)	225,67	242,47	230,44
Working income (R/t milled)	59,39	48,40	54,14
Gold price received (R/kg)	22 340	20 267	20 918
($/oz)	322	320	314
FINANCIAL RESULTS (R'000)			
Working revenue	69 946	62 320	195 148
Working costs	34 314	32 557	96 938
Working income	35 632	29 763	98 210
Sundry income – net	5 828	4 498	13 415
Income before taxation and State's share of income	41 460	34 261	111 625
Taxation and State's share of income	17 682	16 839	54 735
Income after taxation and State's share of income	R23 768	R17 422	R56 890
Capital expenditure	12 600	7 967	25 795
Dividend declared	—	15 400	15 400

DEVELOPMENT	Quarter ended 30.9.1985 Basal Reef	Quarter ended 30.9.1985 Leader Reef	Quarter ended 30.6.1985 Basal Reef	Quarter ended 30.6.1985 Leader Reef	9 months ended 30.9.1985 Basal Reef	9 months ended 30.9.1985 Leader Reef
Advanced (m)	3 348	894	3 362	935	9 089	2 725
Advanced on reef (m)	186	533	260	570	641	1 683
Sampled (m)	231	505	257	578	687	1 570
Channel width (cm)	87	132	100	165	97	156
Average value						
– gold (g/t)	6,9	3,6	6,7	3,1	8,0	3,3
– (cm.g/t)	604	479	669	504	775	510

REMARKS

Capital expenditure
Amounts approved not yet spent – R58 196 000.
Commitments in respect of contracts placed – R14 874 000.

Dividends
A dividend of 160 cents per share was paid on 8 August 1985.

No. 10 Shaft
The shaft has reached a depth of 1 077 metres and the first of 5 stations has been completed.

WEST RAND Consolidated Mines Limited

Company Registration No. 01/01978/06
Issued capital – 4 250 000 ordinary shares of R1 each.
– 25 000 deferred shares of R2 each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	9 months ended 30.9.1985
Mined (m²)	110 054	109 091	322 716
Ore milled (t)	497 650	480 200	1 478 250
Gold produced (kg)	1 011	1 008	3 038
Yield (g/t)	2,0	2,1	2,1
Working revenue (R/t milled)	44,02	42,73	42,12
Working costs (R/t milled)	40,43	39,37	38,79
(R/m² mined)	183,05	173,37	177,51
Working income (R/t milled)	3,59	3,36	3,33
Gold price received (R/kg)	21 588	20 243	20 403
($/oz)	374	355	359
FINANCIAL RESULTS (R'000)			
Working revenue	21 923	20 508	62 249
Working costs	20 135	18 897	57 336
Working income	1 788	1 611	4 913
Uranium income	140	(37)	243
Sundry income – net	840	1 401	3 604
Tribute and royalties – net	(460)	—	(460)
Income before taxation	2 308	2 975	8 300
Taxation	1 364	383	2 417
Income after taxation	R944	R2 592	R5 883
Capital expenditure	390	124	527
Dividends declared	—	2 267	2 267
DEVELOPMENT			
Advanced (m)	4 709	4 115	12 939
Advanced on reef (m)	1 702	1 206	4 503
Sampled (m)	1 827	1 260	4 788
Channel width (cm)	79	83	82
Average value – gold (g/t)	10,3	9,0	9,4
– (cm.g/t)	817	747	771

REMARKS

Capital expenditure
Amounts approved not yet spent – R3 028 000.
Commitments in respect of contracts placed – R1 006 000.

Dividends
Dividends of 40 cents per ordinary share and R22,67 per deferred share were paid on 8 August 1985.

Dump milling
A total of 124 240 tons (June quarter 127 750 tons) of sand from North Sand Dump and slimes from No. 1 Slimes Dam was treated.

Gold forward sales
In order to ensure the profitability of the gold mining operations, the mine has sold forward its expected gold production to December 1985 and approximately 75 per cent of the expected production from January to September 1986. Prices range from R22 838 per kilogram in October 1985 to R27 370 per kilogram in September 1986.
The attention of shareholders is drawn to the fact that the above transactions may be closed out prior to maturity date, or rolled over at any time. The effect of transactions closed out during the quarter is brought to account in working revenue.

UNISEL Gold Mines Limited

Company Registration No. 72/10604/06
Issued capital – 28 000 000 shares of no par value.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	Year ended 30.9.1985
Mined (m²)	67 552	64 459	256 568
Ore milled (t)	345 000	345 000	1 371 000
Gold produced (kg)	2 311	2 312	9 165
Yield (g/t)	6,7	6,7	6,7
Working revenue (R/t milled)	153,36	137,88	139,26
Working costs (R/t milled)	51,72	49,33	48,30
(R/m² mined)	264,15	264,01	258,10
Working income (R/t milled)	101,64	88,55	90,96
Gold price received (R/kg)	22 193	20 334	20 473
($/oz)	318	321	323
FINANCIAL RESULTS (R'000)			
Working revenue	52 909	47 569	190 930
Working costs	17 844	17 018	66 221
Working income	35 065	30 551	124 709
Sundry income – net	2 964	3 554	11 656
Milling fee	(1 686)	(1 687)	(6 748)
Income before taxation and State's share of income	36 343	32 418	129 619
Taxation and State's share of income	22 393	20 278	81 734
Income after taxation and State's share of income	R13 950	R12 140	R47 885
Capital expenditure	2 175	1 178	4 791
Dividend declared	21 000	—	42 000

DEVELOPMENT	Quarter ended 30.9.1985 Basal Reef	Quarter ended 30.9.1985 Middle Reef	Quarter ended 30.9.1985 Leader Reef	Quarter ended 30.6.1985 Basal Reef	Quarter ended 30.6.1985 Middle Reef	Quarter ended 30.6.1985 Leader Reef	Year ended 30.9.1985 Basal Reef	Year ended 30.9.1985 Middle Reef	Year ended 30.9.1985 Leader Reef
Advanced (m)	1 750	48	437	1 876	50	343	7 449	181	1 028
Advanced on reef (m)	317	44	341	297	14	190	1 312	117	698
Sampled (m)	260	35	338	305	9	149	1 206	102	627
Channel width (cm)	103	169	189	120	92	198	125	152	191
Average value									
– gold (g/t)	12,4	10,9	3,2	17,2	13,5	4,0	17,0	11,9	3,8
– (cm.g/t)	1 279	1 855	698	2 062	1 238	793	2 128	1 316	720

ORE RESERVES as at 30 September 1985

	Available	Un-available	In-accessible	Total mine
Tons (000's)	4 300	300	200	4 800
Stope width (cm)	189	195	193	190
Value – gold (g/t)	7,6	7,1	7,0	7,5
– (cm.g/t)	1 436	1 380	1 346	1 426

Ore reserve pay limit is calculated at an estimated gold price of R22 500/kg.

REMARKS

Capital expenditure
Amounts approved not yet spent – R7 107 000.
Commitments in respect of contracts placed – R2 087 000.

Dividends
On 5 September 1985 dividend No. 12 of 75 cents per share was declared payable to members registered on 20 September 1985. Dividend warrants will be posted on 7 November 1985.

LESLIE Gold Mines Limited

Company Registration No. 59/01124/06
Issued capital – 16 000 000 shares of 65 cents each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	Year ended 30.9.1985
Mined (m²)	74 271	81 937	310 764
Ore milled (t)	360 000	341 000	1 415 000
Gold produced (kg)	958	938	4 181
Yield (g/t)	2,7	2,8	3,0
Working revenue (R/t milled)	60,61	56,90	61,39
Working costs (R/t milled)	43,82	40,09	39,67
(R/m² mined)	212,38	166,84	180,65
Working income (R/t milled)	16,79	16,81	21,72
Gold price received (R/kg)	22 108	20 513	20 481
($/oz)	320	322	321
FINANCIAL RESULTS (R'000)			
Working revenue	21 819	19 402	86 872
Working costs	15 774	13 671	56 138
Working income	6 045	5 731	30 734
Sundry income – net	1 244	1 598	5 054
Tribute and royalties – net	(15)	(13)	(82)
Income before taxation and State's share of income	7 274	7 316	35 706
Taxation and State's share of income	3 199	3 160	18 127
Income after taxation and State's share of income	R4 075	R4 156	R17 579
Capital expenditure	230	522	1 010
Dividend declared	9 600	—	16 800
DEVELOPMENT – Kimberley Reef			
Advanced (m)	2 750	2 492	10 247
Advanced on reef (m)	694	444	2 083
Sampled (m)	714	432	2 051
Channel width (cm)	12	20	17
Average value – gold (g/t)	29,1	27,7	25,0
– (cm.g/t)	340	541	416

ORE RESERVES as at 30 September 1985

	Available	Un-available	In-accessible	Total mine
Tons (000's)	1 000	700	600	2 300
Stope width (cm)	101	102	101	101
Value – gold (g/t)	5,2	5,4	5,8	5,4
– (cm.g/t)	525	554	588	550

Ore reserve pay limit is calculated at an estimated gold price of R22 500/kg.

REMARKS

Capital expenditure
Amounts approved not yet spent – R4 754 000.
Commitments in respect of contracts placed – R17 000.

Dividends
On 5 September 1985 dividend No. 42 of 60 cents per share was declared payable to members registered on 20 September 1985. Dividend warrants will be posted on 7 November 1985.

Dump milling
A total of 42 800 tons (June quarter 58 500 tons) was milled ex surface dumps.

Gold forward sales
Working revenue includes the effect of closing out of forward sales contracts during the quarter.

BUFFELSFONTEIN Gold Mining Company Limited

Company Registration No. 05/33934/06
Issued capital – 11 000 000 ordinary shares of R1 each.
– 12 400 158 non-cumulative preference shares of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985
Gold		
Mined (m²)	212 213	195 765
Ore milled (t)	857 000	860 000
Gold produced (kg)	7 011	7 033
Yield (g/t)	8,2	8,2
Working revenue (R/t milled)	192,23	166,22
Working costs (R/t milled)	92,49	85,57
(R/m² mined)	373,51	375,89
Working income (R/t milled)	99,74	80,65
Gold price received (R/kg)	23 463	20 287
($/oz)	330	318

The above figures include ore processed by Stilfontein Gold Mining Company Limited from the surface stockpile.

	Quarter ended 30.9.1985	Quarter ended 30.6.1985
Uranium		
Pulp treated (t)	792 000	817 000
Oxide produced (t)	166,0	171,5
Yield (kg/t)	0,21	0,21
FINANCIAL RESULTS (R'000)		
Gold – Working revenue	164 743	142 945
– Working costs	79 264	73 586
– Working income	85 479	69 359
Uranium – Working income	2 837	23 435
Sundry income – net	7 479	19 983
Dividend received	—	1 800
Tribute and royalties – net	(14 136)	(7 638)
Income before taxation and State's share of income	81 659	106 939
Taxation and State's share of income	12 815	15 360
Income after taxation and State's share of income	68 844	91 579
Taxation off-set on Beatrix capital expenditure applied to repay loans	36 675	45 629
Attributable to ordinary shareholders	R32 169	R45 950
Capital expenditure	6 333	7 600
Dividend declared	—	48 400
DEVELOPMENT – Vaal Reef		
Advanced (m)	15 535	14 129
Advanced on reef (m)	862	654
Sampled (m)	776	600
Channel width (cm)	89	96
Average value – gold (g/t)	16,6	22,8
– (cm.g/t)	1 466	2 190
– uranium (kg/t)	0,594	0,761
– (cm.kg/t)	52,53	73,15

REMARKS

Capital expenditure
Amounts approved not yet spent – R54 085 000.
Commitments in respect of contracts placed – R11 634 000.

Dividends
A dividend of 440 cents per ordinary share was paid on 8 August 1985.

Uranium income
Uranium income during the previous quarter was higher due to a large proportion of the sales having been delivered against higher priced contracts. Sales for this quarter returned to normal levels.

Beatrix division

In terms of an agreement, Buffelsfontein mines the mining lease area of Beatrix Mines Limited. 16 per cent of the distributable income from this area is attributable to Buffelsfontein and 84 per cent to Beatrix Mines Limited.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985
Mined (m²)	114 464	118 205
Ore milled (t)	460 000	473 000
Gold produced (kg)	2 587	2 370
Yield (g/t)	5,6	5,0
Working revenue (R/t milled)	130,85	101,99
Working costs (R/t milled)	71,74	61,12
(R/m² mined)	288,30	244,59
Working income (R/t milled)	59,11	40,87
Gold price received (R/kg)	23 266	20 371
($/oz)	325	318
FINANCIAL RESULTS (R'000)		
Working revenue	60 190	48 243
Working costs	33 000	28 900
Working income	27 190	19 343
Sundry expenditure – net	11 434	23 311
Royalty payments	9 029	12
Income before taxation	6 727	(3 980)
Taxation	—	—
Income after taxation	R6 727	(R3 980)
Capital expenditure	1 962	8 602
DEVELOPMENT – Beatrix Reef		
Advanced (m)	8 566	8 217
Advanced on reef (m)	2 853	2 780
Sampled (m)	2 615	2 030
Channel width (cm)	65	71
Average value – gold (g/t)	16,2	15,0
– (cm.g/t)	1 058	1 061

REMARKS

Capital expenditure
Amounts approved not yet spent – R20 887 000.
Commitments in respect of contracts placed – R5 675 000.

Sundry expenditure
This figure is made up mainly of interest payable to Beatrix Mines Limited.

Gold forward sales
Working revenue includes the effect of closing out of forward sales contracts during the quarter.

Labour unrest
Labour unrest during the quarter adversely affected underground production. Plant throughput was partially maintained by milling ore from the surface stockpile.

KINROSS Mines Limited

Company Registration No. 63/06226/06
Issued capital – 18 000 000 stock units of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985	Year ended 30.9.1985
Mined (m²)	138 626	150 631	584 438
Ore milled (t)	562 000	558 000	2 233 000
Gold produced (kg)	3 712	3 684	14 760
Yield (g/t)	6,6	6,6	6,6
Working revenue (R/t milled)	145,64	133,87	135,07
Working costs (R/t milled)	53,36	51,50	51,21
(R/m² mined)	216,00	190,78	195,68
Working income (R/t milled)	92,28	82,37	83,86
Gold price received (R/kg)	21 941	20 198	20 426
($/oz)	322	319	320
FINANCIAL RESULTS (R'000)			
Working revenue	81 850	74 697	301 622
Working costs	29 987	28 737	114 364
Working income	51 863	45 960	187 258
Sundry income – net	4 705	5 457	17 203
Income before taxation and State's share of income	56 568	51 417	204 461
Taxation and State's share of income	35 501	33 408	131 460
Income after taxation and State's share of income	R21 067	R18 009	R73 001
Appropriation for capital expenditure	3 527	2 427	10 699
Dividend declared	31 500	—	58 500
DEVELOPMENT – Kimberley Reef			
Advanced (m)	5 217	4 930	19 901
Advanced on reef (m)	1 126	806	4 124
Sampled (m)	1 117	792	4 065
Channel width (cm)	56	61	55
Average value – gold (g/t)	14,5	18,0	15,8
– (cm.g/t)	814	1 096	866

ORE RESERVES as at 30 September 1985

	Available	Un-available	In-accessible	Total mine
Tons (000's)	5 900	3 000	500	9 400
Stope width (cm)	111	109	112	110
Value – gold (g/t)	9,4	7,8	10,9	9,0
(cm g/t)	1 040	850	1 225	989

Ore reserve pay limit is calculated at an estimated gold price of R22 500/kg.

REMARKS

Capital expenditure
Amounts approved not yet spent – R15 473 000.
Commitments in respect of contracts placed – R3 257 000.

Dividends
On 5 September 1985 dividend No. 35 of 175 cents per stock unit was declared payable to members registered on 20 September 1985. Dividend warrants will be posted on 7 November 1985.

NOTES

1. Development values quoted above represent actual results of sampling. No allowance has been made for any adjustments which may be, or were, necessary when estimating ore reserves at the end of the financial years.
2. All financial figures are unaudited.
3. The quarterly reports have been approved and signed on behalf of the respective companies by two directors.
4. – Unavailable ore reserves are reserves which cannot be made available for mining during the next 12 months.
   – Inaccessible ore reserves are blocks which may only be mined towards the end of the life of the mine.

Johannesburg, 17 October 1985

London Secretaries: Gencor (U.K.) Ltd., 30 Ely Place, London, EC1N 6UA

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Art direction

At its best when it's not noticed

Feona McEwan on the ingredients of the visual side of advertisements

AS THEY say in advertising circles, art direction should never be noticed. If it is done well, you should be too busy absorbing what an ad is saying to notice how it says it. The message, not the method, is what must strike the consumer. Yet if it is done badly, with poor photography, insensitive typography, crude execution, second-rate concept—you can't see beyond it.

You only have to consider the pale imitations of that most famous campaign, the "gold box" surreal ads for Benson & Hedges cigarettes, or the classy ads for Sainsbury's single food products (which have spawned a generation of clones) to know that method is every bit as crucial to the impact of the ad as the message. Nor is it always easy to enunciate the differences between the pace-setters and the also-rans. It is just that they do not feel right.

Art direction is all about feel, style, the look of the thing. *If copywriters are the logic of* an ad, art directors are the emotion, says Paul Arden, joint creative director at Saatchis. John Hegarty, executive art director at Bartle Bogle Hegarty, echoes the view of humourist, John Cleese, that "No one ever laughed at clever lighting," to make a similar point.

The art director is the *eyes of* the ad, responsible for the shapes, the sizes, the spacing, the colours, the proportions, the positioning of the various ingredients. Coming up with the original idea is only the prologue. *The* execution demands a maze of detail and endless decisions; whether to use photography or illustration or both and whom to use; what typefaces to use; how to stage the set; where to locate the ingredients; and so on. This process can take weeks.

Not for nothing were art directors originally known as "visualisers." In the less enlightened 1970s Neil Godfrey, now Collett Dickenson Pearce's chief art director, like Arden, recalls sitting in a room waiting for the copywriters to deliver the words and pass them to him to "visualise." This would be an unthinkable division of labour now. Doyle Dane Bernback changed the order of play by putting art directors firmly upfront alongside the writers. Now most directors work in tandem with a particular writer, in what is often a marriage of minds. The *industry is famous for its* creative pairings: Abbott and Brown; Brignull and Godfrey; Hegarty and Nokes.

Ideas for ads are batted about between them until the concept is found though who contributes what is often blurred. Often an art director will come up with the headline or the copywriter with the visual idea though each is responsible for his or her section of the finished work. "I think to some degree you're born with a certain way of looking at things," says Godfrey. "I have great trouble, for instance, remembering people's names. I'm much more likely to remember someone by the pimple on their nose or a pair of pink shoes." He cites a number of art directors who've made the transition to copywriter "but I don't know of any who've done it the other way round. We have a saying that most copywriters have a tin eye. . . ."

New ground

Britain is generally regarded as producing some of the best art directors. "I think we tend *to be more innovative; we want* to break new ground and don't mind being wrong," suggests Arden.

Perhaps the first line of the art director's catechism is "be *different.*" *The most notable* examples become trendsetters. Styles are copied and absorbed, often unwittingly. "Art directors are graphic Mike Yarwoods," says Hegarty. "They have *the ability to imitate or* interpret a message and *become* it. Currently the fashion is for elegant, classical lines—typography is rather 1930s/40s, simple and well spaced. The *Brideshead* look. . ."

"In order to be good you have to be pigheaded, thick-skinned," declares Arden, who reckons he achieved this late in life at the age of 32. "If you ask anyone if it's OK, they'll sure as anything find a good reason for finding fault. People are only comfortable with work they've seen before and which researches well. Anything new is treated with suspicion. Learning how to negotiate work through is half the battle. There are many *frustrated talented people out* there who are too sensitive to push their work. It tends to be the more bullish who get on."

So just how does an art director set about his task? A look at a number of recent examples attempts to shed light on this invisible but highly visual skill.

Directors swear they can identify their colleagues' work — that certain signature — though outsiders would have more trouble. Very often in long-standing campaigns such as, say, Benson & Hedges or Gordon's Gin, a series of different directors will work on the account, yet they all have the same continuity of flavour. "The knack," says Godfrey, "is to let the product and the brief dictate the mood of the ad, not vice-versa."

Take the new press campaign for Gordon's Gin, now in its 17th year with agency Foote Cone Belding. The starting point, the creative brief, specified just three ingredients—green grass, condensation, and the slogan "It's got to be Gordon's." All of these are so familiar to consumers that they have passed into the vernacular, both visual and verbal (consumer research shows that when people are asked what gin they stock, they often reply "It's got to be Gordon's").

The idea was to appeal to a younger age group (vodka and cocktails are gin's main competition) without losing seasoned consumers. Gin is a *static market, but Gordon's,* brand leader in the UK, enjoyed a record year in 1984. Credit must go to the client, says agency chairman Bill Barry, for fostering the Gordon's advertis*ing "property," or hallmark.*

"The brief sounded simple but the task was awesome," according to art director Alan Dumbreck, ex-Doyle Dane Bernbach. Together with writer Peter Gunn they came up with the concept of the Midas touch for the current campaign, *whereby a series of ancillary* drink accessories turn to the green Gordon's glass; so far there's been a cocktail shaker and an ice bucket, with more to come. "We nearly threw away the idea at first, it seemed so obvious. Another idea was the green shadow of Gordons, featuring a gin and tonic glass on a television set with green interference on the screen . . ."

The various ingredients, cocktail shaker / glass / background were all shot separately—taking three days altogether, and ultimately married in the agency's production department. Clear perspex ice bucket/cocktail shaker were used with a green acetate backdrop and back lit to give the green glass condensed effect. The condensation look was achieved by spraying with hair spray and then with mineral water. The water stays on long enough to allow the photographer sufficient time to shoot.

Dumbreck's decisions included what sort of glass, should there be a tray, what angle should the table be at, what sort of typography . . . "We chose an elegant script, widely spaced, which became part of the overall design of the ad since it was such a well-known line, and the green glass signalled it was Gordon's," he says. Future ads in the series play around with the slogan in this handcut script—"it looked nothing as an alphabet"—positioning it in different places.

The acclaimed Paul Arden (of Nivea, Alexon, Blue Nun and Silk Cut fame), who, like Godfrey, is one of the industry *giants, is a noted risk taker,* a gambler. He is on record as saying: "If you're selling a chocolate biscuit you wouldn't do so with a logical argument explaining the contents of the biscuit. You *have* to invent a property which dramatises chocolate: you have to create pure fantasy. And how do you find fantasy? By being loony. It just has to come from nowhere."

Take risks

Of the Silk Cut campaign, he says "It hasn't started yet," *and having seen the offerings to* come I can second that. "It has been incredibly successful," says Arden, "but it took many weeks to actually cut the silk . . you'd think it was simple, but if you try to cut silk in a straight line so it doesn't look like satin, you'll see how hard it is . . ." There speaks the perfectionist. Due credit, he points out, must go to Gallaher for backing the agency. On the whole, in Arden's experience, "it's easier to do good work for small clients than for larger ones with long chains of *command. Few are prepared to* take risks."

The photographer on Silk Cut was American Henry Sandbank, who, in Arden's view is the "finest still life photographer in the *world next to Irving* Penn." Sandbank thinks like a painter, says Arden.

Neil Godfrey, with a host of credits to his name that looks like the shortlist for Design and Art Direction Awards, has dared to be different most of his working life. Benson & Hedges (the *pyramids* and umbrellas are his), Birds Eye, Dunn's, Tern shirts, Clark's shoes, Parker pens and Boots all bear his signature.

In the late 1960s, when most of the *shirt advertising of the* day featured handsome men posing stiffly, Godfrey picked out the few coloured shirts in the Tern range and showed them in their boxes, a riot of colour, along with the line (written by John Withers) "Tern takes a timed step towards Carnaby Street." Within six weeks, Godfrey recalls. "I remember at least three campaigns featuring shirts wrapped in their boxes . . ."

His surreal umbrella campaign for Benson & Hedges came out of frustration at the restrictive tobacco advertising rules. It does away with the obligatory pack shot and shows simply golden cigarettes raining down on gold umbrellas. The brollies were made of gold-coloured cloth and the cigarettes were photographed separately, stuck onto glass to show them on a larger scale—the two then superimposed *together.*

So how do art directors know when they've hit the right idea for a campaign? "When you see work and you can't imagine it any other way, you know," says Arden. *Hegarty's golden* rule is if it fits on the back of an envelope, it's a runner. His other touchstone is to consider what his auntie in Harpenden would make of it. "Then there's the overnight test, stick it on the wall and leave it for a while. . . ."

A project approach to leisure markets

David Churchill on consumer spending trends

CONSUMERS who are used to the discipline and routine of work are increasingly seeking similar qualities in their growing amount of leisure time. They are adopting the "project" approach to leisure — acting on the recognition of this will be a key marketing method of the late 1980s, according to the Henley Centre for Forecasting.

The Henley Centre, in its latest review of British leisure markets (which account for consumer spending of more than £51bn a year), suggests that this emerging trend offers considerable opportunities to companies that can identify and provide the leisure pursuits that underline the "project" approach.

"Creative activities such as photography, home computers and arts and crafts particularly lend themselves to this approach," suggests Henley. At present spending on creative leisure activities only accounts for some 5 per cent of total leisure spending, but this share is forecast to increase by 10 per cent by the end of the decade.

Henley's analysis is based on research showing that employment in the mainstream of the economy is taking up a decreasing proportion of people's lives. Men are forecast to work three and a half fewer hours by 1990 and women some four hours less.

Yet women will actually have more free time at their disposal —nearly nine hours a week more—than men whose amount of extra disposable time will only increase by just over an hour a week because they will be carrying out more household chores.

Henley, however, believes that those with more time on their hands will seek to emulate their structured work lives by developing leisure activities that are more disciplined than simply watching television or going to the pub.

Physical activities particularly lend themselves to this more disciplined, "project" approach. "Those people who are involved in sport are taking it far more seriously than ever before, and the manufacturers of sporting goods have not been slow to respond," suggests Henley.

"In the next five years increased spending on sports and outdoor recreation is expected to account for 47 per cent of the growth in spending on physically active leisure, as concern with health and the 'body beautiful' becomes a more potent motivator than some others," the Henley forecasters point out.

Overall, the volume of spending on physically active leisure will increase by 17.2 per cent between 1985 and 1990, compared with a rate of increase of 13 per cent for other leisure spending.

Henley's research into how consumers spend their time *indicates that the time given* over not only to sports, but also to do-it-yourself and gardening, has risen steadily during recent years. The extra interest in these activities is reflected *in spending on related* goods and services — some £5.4bn last year or 11.4 per cent of total leisure spending.

Cinema

Henley suggests that this switch from passive to active leisure pursuits is apparent in different parts of the leisure market. It believes, for example, that the outlook for cinema audiences remains bleak but it forecasts that theme parks will become a major growth area as families seek to enjoy more challenging recreational facilities.

Moreover, increases in the amount of discretionary free time available—both in terms of extra annual holiday entitlements as well as shorter working weeks—means that much of the growth within the overall holiday market will come from short-break holidays.

"Many short-break packages allow individuals to pursue interests as diverse as sub-aqua diving and 'who-done-it' murder mystery weekends which can be enjoyed in a concentrated form with fellow enthusiasts," point out the Henley researchers.

Finance for this more creative use of leisure time, suggests Henley, will come from rising real incomes which are set to grow cumulatively by almost 17 per cent between now and 1990.

Leisure Futures, published by the Henley Centre for Forecasting, 3-4 Tudor Street, London, EC4.

BUSINESS LAW

The target of competition policy

BY CELIA HAMPTON

THAT MONOPOLY is the unavoidable destination of capitalism is too absolute a proposition for the tastes of market economists. This need not surprise, however, since there is an element in Marxist economic dogma which has an ambivalent attitude towards monopoly.

It is, nevertheless, a tendency which cannot be ignored. If one member of a market achieves a greater than equal position with his competitors, he will also gain the strength to begin eliminating the others. This may be by the direct method of improving productive efficiency, so securing a larger share of demand by lowering prices. Or it may be by less direct methods such as advertising or buying up the competition.

Of course, whether this tendency and its supposed destination are to be reviled or welcomed cannot always be answered one way. Monopolies in certain areas have been deliberately set up, as in the case of nationalisation, but this has not been for purposes of competitiveness.

Monopolies, ...even when underwritten by the state, have some inherent weakness in a free market. In a world economic system where industry has to face competition from abroad, a domestic monopoly may be in an unfit condition to take on foreign competitors who have become lean through struggling with their own domestic rivals.

In a more positive vein, competition and industrial rivalry have now been classified as virtues in the public eye. Dr Johnson defined competition as "the action of endeavouring to gain what another endeavours to gain at the same time." A competition policy is the political strategy adopted to set up a framework of conditions where it is possible for people to make the endeavour. It defines the overall objectives and the urgency and seriousness with which they will be pursued. Competition law provides the instrument by which they will be achieved and the means by which monopoly power and collusion between rivals will be controlled and abated.

In contrast to the U.S., where the control of combines ("trusts") has been an accepted and active branch of the law for a century, the UK has seemed to be uncertain even of the objectives until quite recently.

European Community law imposes rules within the UK, but UK domestic policy does not identify with the Community's objectives. These aim to create a multinational free market and to eliminate barriers to trade between member countries within EEC territory. Anticompetitive practices form a barrier and are one of the targets of EEC law. The Commission is making a pioneering effort, quite new to European national thinking, operating on parallel lines. In a sense, EEC competition law is at the stage reached in the U.S. in the early decades of this century when central government decided to curb the growing power of new industrial giants.

Competition law is directed towards two distinct aspects of industry—its structure and the behaviour of competitors. It is enforced by two main interests—the official watchdog bodies and the individuals who seek to compete. These are by no means guaranteed to coincide.

Does current UK law have the instrumental force necessary to carry out UK policy? What is the UK's domestic competition policy? Does it have one?

This basic challenge was made by Thomas Sharpe, economist and barrister, at a recent conference on competition law.*

He argued that, since 1948, competition policy has been used as a means for correcting market failures. A failure of competition is one of the ways in which a market itself fails. The legal process (usually investigation by the official agencies) has proceeded on an *ad hoc* basis, dealing with specific cases as they arise, but always within an economic context. In this way, competition law and policy have merely been one cog in the national planning process, albeit a useful one.

The target of competition law and policy is not the overall welfare of the nation's industry. It has a much more specific object—maintaining the freedom of people to enter the market and stay there without constraints imposed on them by other factors in the market.

The legal instruments available in the UK to enforce the freedom to enter a market are principally in the public domain—the Office of Fair Trading and the Monopolies and Mergers Commission. Are they adaptable enough to secure truly free market access?

Mr Sharpe thought not. He did not dispute their ability to perform the public task well. This remains primarily an economic assessment, however. His case was one of principle—the official agencies have their own priorities and do not necessarily identify with entrepreneurs keen to compete in a given market.

A complaint lodged by a businessman with the OFT will be filtered through the official mill and, whatever the sympathy and goodwill of the bureaucracy, it will emerge coloured by the official line of thought. A success for the businessman will be the product of coincidence.

It is at the businessman's own level that the law must be given teeth. There should be an enforceable right to market access, not merely a power to set official machinery in motion. This would complete the legal instrumentation, but it would need powerful incentives.

Sadly, although the theoretical framework would cost little, support for the proposition seems likely to be scant. Individuals already have a legal right under the Restrictive Practices Act to enforce freedom from anticompetitive constraints, and even to claim damages. Yet they hardly ever use it.

Measures could be adapted from U.S. antitrust law, but are unlikely to receive a warm welcome. Damages are an incentive, but triple damages are regarded with horror this side of the Atlantic. The immunity of U.S. antitrust claimants from having to pay the defendant's costs would also smack of injustice and persecution. Yet the risk of litigation in such an uncertain area of law will certainly continue to deter.

At the broader political level, while policy is still directed mainly to economic efficiency, one that specifically fosters free market access is clearly emerging. Since 1979, central elements in government policy have been private ownership and competition.

Private ownership is essentially irrelevant to competitiveness—a privately-owned monopoly is no less a monopoly than when it is state-owned. Conversely, a state enterprise's monopoly can be as effectively disbanded without selling it off to private investors.

Regulation of dominant businesses' behaviour towards competitors is central to current policy trends. Control of industrial structure plays a less important role.

British Telecom lost its monopoly by a mere stroke of the legislative pen. Getting it to tolerate competitors is a very much more subtle operation. This week, however, BT's story has reached the end of a chapter, a chapter with considerable significance for competition policy.

Mercury Communications was set up to build a telephone network in competition with BT when BT's monopoly went. As the market dominator, BT tried to flex muscles to make the linking of their two systems unattractive to Mercury. Mercury could hardly build a rival network with access to every house in the land, so BT's lines put it in a strong bargaining position.

Or so it thought. Having eventually given up the attempt to agree on linking terms, the matter was referred to Oftel, the industry's regulator.

On Monday, Oftel delivered its decision. Much to Mercury's delight, the dominant BT has been ordered to make more concessions than anyone expected. Mercury has been given access to the entire BT network. Particularly significant in terms of competition promotion is the calculation of Mercury's payment for using BT's lines on cost rather than on BT's own tariffs.

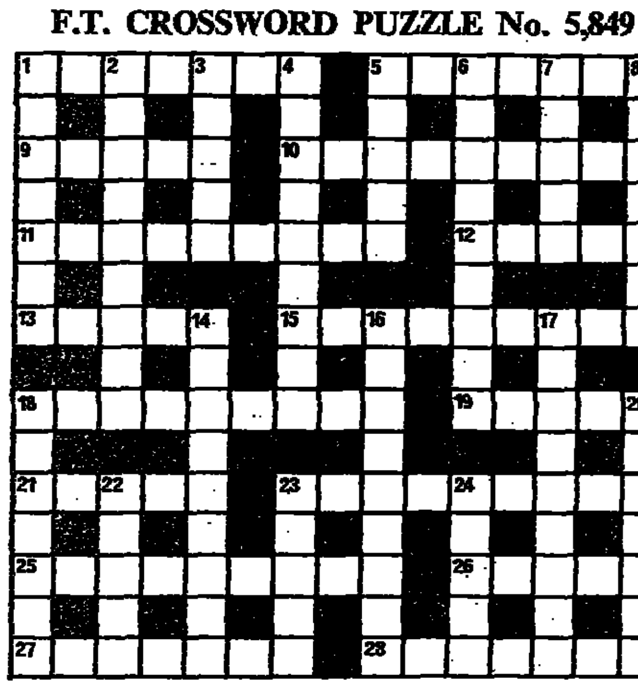
Although telecommunications is something of a case on its own because of the political controversy about the (competitively irrelevant) issue of "privatisation," this particular official agency has taken a robust attitude to the precise objective of competition policy—free market access.

** Fourth International Anti-Trust Law Conference, ESC Conferences Ltd.*

Celia Hampton is assistant general editor of the International and Comparative Law Quarterly, editor of the Bulletin of Legal Developments and author of Criminal Procedure.

"Disputes: the other way," an article by Dr A. H. Hermann, published here on October 9, was based on a lecture by Professor Clive M. Schmitthoff on "Extrajudicial Dispute Settlements" to the Forum Internationale at The Hague.

F.T. CROSSWORD PUZZLE No. 5,849



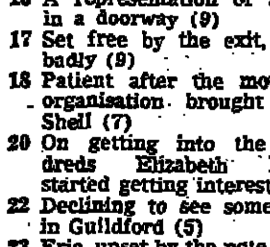
ACROSS

1 Turning up when the new diet's about to cause a quarrel (7)
5 Illness caused by the unruly side consuming an awful lot of liquid (7)
9 Called Kelly outside this morning (5)
10 No longer thoughtful, dear? (9)
11 Shining brightly, yet rain started before Adrian moved it outside (9)
12 Meet replacement about his first short essay (5)
13 Detailed Ruth to go back round to coach (5)
15 Having a defect, I'm sort of tense (9)
18 It holds things on certain switches (9)
19 Bill has a kind of tit in the room (5)
21 Broadcasting a notice when in port (5)
23 Vehicle in a not unusual sort of pink (9)
25 Is a return to New York in it admitting stupidity? (9)
26 Unless about fifty, is a drudge (5)
27 Busy editor has an egg scrambled and brought in (7)
28 A light case (7)

DOWN

1 His treatment of people often has them open-mouthed with fear! (7)
2 He helps people in distress—like the boy who's taking Maria dancing (9)
3 Opened by a French theologian around lunch-time (5)
4 Noel's version included "Evita," played with grandeur (9)
5 Dorothy has key to piano in store (5)
6 In the Yemeni capital riot round the hospitals (9)
7 In the same way, Capone and Eisenhower got together (5)
8 Fire is one thing that makes kettles boil (7)
14 Telephone, as one is involved in arguing (9)
16 A representation of a boy in a doorway (9)
17 Set free by the exit, react badly (9)
18 Patient after the motoring organisation brought back Shell (7)
20 On getting into the hundreds Elizabeth Nixon started getting interest (7)
22 Declining to see some lady in Guildford (5)
23 Eric, upset by the note, wept (5)
24 Right to go in when against crime (5)

Solution to Puzzle No. 5,848



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd.
66 Cannon St, London EC4N 6AE. Dlg 01-236 3885

International Growth	89 6	95 6	+0.5	2.00
Income & Growth	42 5	45 6		3 20
Special Situations	50 5	53 8	−0.1	1 40
American Growth	25 7	27 4		1.10
Japan Growth	33 9	36 1	−0 3	
European Growth	38 9	41 5	+0.3	3.30
UK Growth	39 8	42 5	−0 1	
Pacific Growth	32 1	34 3	+0.2	1 80
High Income	27.9	29 8	−0 1	7 40
Practical Income Units	51.5	53 6		1 1
Practical Accum. Units	73 6	78 4	−0 1	3.1

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	64 5	68 6	+0 1	3 18
Accum Units	95 3	101 4	+0.2	3.18
Pearl Inc.	90 6	96 4	+0 4	5 10
Pearl Unit Tst	95 7	101.8	+0 3	4 03
(Accum. Units)	161 8	172 1	+0.5	4 03

Perpetual Unit Trust Mngmt. (a)
46, Hart Street, Henley on Thames. 0491 576868

Growth	191 8	205.8	+1 1	1.95
Income	144 3	154 5	+0 4	5.32
Worldwide Recovery	105 0	112 1	+0 4	2.71
American Growth	53 1	57 0	+0.3	1.12
Intl Emerging Co.	58 6	62 9		0 75
Far East Growth Fd	49 9	53 6	−0 4	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01 247 7544/7

Prolific Far East	109 3	117.1	−1 7	0.29
Prolific Extra Inc	64 0	68 1	+0.3	5 80
Prolific Gilt Gap	84.2	87 6		3 14
Prolific High Inc	138 6	147.4	+0.3	5 06
Prolific Intl	83 1	89 0		1 93
Prolific N. Amer.	108.5	116.2	−0 4	2.43
Prolific Spec. Sits	151 0	160 6	−0 4	1.53
Prolific Technology	94.9	101.7		0.77

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Inc	53.3	56 5	−0.3	
Japan Acc	53 4	56 6		
Worldwide Inc	49 6	52 5	+0 2	2.43
Worldwide Acc	50	53		2.43
European Trust	56 5	59 8		1 35
North American	46.5	49 0		2.41
UK Equity	52 4	55.5	+0 2	3 86

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-59, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	326 4	34 5	+0 1	3 72
Holborn European Trust	49 0	52 1		1 08
Holborn Gilt Tst	158 6	165 7	−0.2	8 60
Holborn High Inc	56 8	60 4	−0.1	7.32
Holborn Intl Growth	64 8	68 9	+0.3	0 48
Holborn Japanese Trust	51 5	54 7		0 06
Holborn N. Amer. Trust	48 9	52.0	+0.2	2.27
Holborn UK Growth	65.0	69 1	+0.1	3 24

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd	325 8	346 7	3 64
Quadrant Income	185 3	197.2	5 74
Quadrant Intl. Fund	292.9	308 4	1.56
Quadrant Recovery	200 1	212 9	2 70

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV 01-628 6011

Wellington Inc	51 9	55.2	6 00
Wellington Growth	109 4	116 4	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	133 1	143.2	−0 2	4 19
Reliance Unit Tst (Inc).	85.8	91 7	−0.2	4 17
Reliance Ut Tst (Acc)	112.6	120.3	−0 1	4.17

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

Income UT	94 9	101 4	+0 1	6.46
International UT	209.2	223 7	−0 9	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4 01-280 5456

NC America (Inc)	216.0	227 3	1 45
NC America (Acc)	232 3	244 5	1 45
NC Energy Res. Tst	153 4	161.4	2 44
NC Inc Fd	72.2	75 9	4 65
NC Japan Fund	114 8	120 8	0 02
NC Smaller Cos	111.2	117.0	2 02
NC Smaller European	108 4	114 1	0 78
NC Ex Gilt Tst Oct 1	£120 00	£125	7 0
NC American Prop*	$11.21	11.80	—
NC Prop *	179 1	196.3	

*Unauthorised Unit Trusts.

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. 01-606 1066

American Oct 10	174 0	178.0	2 45

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd Sevenoaks 0732 450161

Equity Dist.*	219 9	232 6	4 07
Equity Acc.*	261.0	276.1	4.07
Fixed Int. Dist.†	119 6	123 9	10 91
Fixed Int. Acc.†	168.8	174 9	10 91

*Prices on Oct 9. Next dealing Nov 13
†Prices on Oct 2. Next dealing Nov 6.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	89 3	95 1	+0 4	1.53
Do Accum	93 0	99 0	+0 4	1.53
TSB Extra Income	85.8	91 3	+0 5	6.36
Do Accum	98 7	105 0	+0.5	6.36
TSB General	122 9	130 7	+0 2	3.36
Do Accum	199 0	211 7	+0 4	3.36
TSB Gilt & Fxd Int	48 0	50 8		9 18
Do Accum	59 0	61 5	+0 1	9 18
TSB Income	170 5	181 4	+0 2	4 94
Do. Accum	257 1	273 6	+0 4	4 94
TSB Pacific	107 4	114 3	−0 2	0 71
Do Accum	110 1	117.2	−0.2	0 71
TSB International	231 1	245 9	+0 2	2 03
Do Accum.	283 5	301 6	+0 2	2.03
TSB Natural Resources	43.1	45 9	−0 1	2.15
Do Accum.	43 9	46.8	−0 1	2 15
TSB Sletd. Opps	47 2	50 8	+0 1	2 24
Do Accum	51 9	55.3	+0 1	2.24

3i & Target Fund Mgrs Ltd
2 St Mary Axe, London EC3A 8BP 01-928 7822

Small Co's Fund	65 9	70 4	0 10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	63 1	67.3	−0.1	0.62
Australia	32 3	34 4	+0 3	0 10
Commodity	81.8	88 0	−0.1	1.93
Energy	37.2	39 8	+0 1	2 31
Equity	103 9	110 8	+0 4	3 56
European Spec. Sits.	59 7	63.5	−0.3	1 34
Extra Income	92.6	99 0	+0.3	7 25
Financial	208 2	222.1	+0 1	2.45
Gilt Capital	226 8	237 5	−0 1	3 25
Gilt Income	101.9	106 7	−0 1	8.37
Gold Income	56.2	60 1	−0.3	1.61
Gold Acc.	102 3	109 4	−0 4	1 61
Income	64.2	69 0	+0.2	5.69
Japan	50 0	53 3	−1 1	0.10
Malaysia & Singapore	22 6	24 1		0 94
Pacific Income	64 0	68 4	−1 0	0 40
Pacific Re Inv.	78 4	83 8	−1 3	0 40
Preference Share	16 0	17 3		10 10
Professional	505 0	538 7		2.04
Special Sits.	78 5	83 8		1 03
Technology	36 4	38 9	+0 2	0 10
U.S. Special Bond	46 7	49 9		6 65
Worldwide Capital	111 8	119 3		2 07
Equity Exempt Oct 9	643 8	686 7		2.33
Equity Ex Acc Oct 9	1 183 4	1,262 3		2 33

Temple Bar Unit Tst Mngrs Ltd see under Guinness Mahon

Touche, Remnant Unit Trust Mngt, Ltd.
Mermaid Hse, 2 Puddle Dock, EC4 01-248 1250

TR American Growth	26 1	28 1	+0 1	0 98
TR General Growth	42 2	45 4	+0 1	3 22
TR Global Tech	27 3	29 4	+0 6	0.16
TR Income Growth	47 0	50 6	+0 1	5 15
TR Income Monthly	40.1	42 7	+0 1	7.40
TR Japan Growth		25.0		0.18
TR Overseas Growth	31 3	33 3	−0 3	1 69
TR Smaller Cos	44 2	47 6		2.23
TR Special Ops	47 4	51 0	+0 1	2 02

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

TUUT Sept. 1	130 8	137 7	3 93

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Colmeco Oct 11	354 5	371 7		4 27
(Accum Units)	578.3	606 2		4 27
Fielding Fd Oct 3	198 3	208 8		3 80
(Accum Units)	215.3	226 7		3 80
Fielding Inc Oct 3	138.4	145 7		5 65
Fleming AM&Gen Oct 3	183.2	192 9		1 62
(Accum. Units)	206.0	216 9		1 62
S&W American Oct 16	123.5	129 9	+3 4	1.86
S&W Smlr Secs Oct 16	96 4	101 5	+2 5	0 92

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol 0272 732241

Australian Securities	66.5	71 2	+0 2	1 14
(Accum. Units)	68 4	73 2	+0 3	1.14
Capital	262 3	278 2	+0 1	4 13
(Accum. Units)	460 4	488 3	+0 1	4.13

INSURANCES

Allied Dunbar Assurance PLC

Ambassador Life Ass. Co. Ltd.
80 Holdenhurst Rd.

Barclays Life Assur. Co. Ltd.
252 Romford Road, E7

Black Horse Life Ass. Co. Ltd.
34ba, High St., Chatham

British National Life Assurance Co. Ltd.
Perrymount Road, Haywards Heath

INSURANCE, OVERSEAS & MONEY FUNDS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $12.72

World Wide Growth Management●
10a Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $11.48 ... +0.04
Inv Adv M & G Inv Mngt. Ltd. London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $10.57 ... −0.02
Dynamic Gwth Fd ... $9.61 ... −0.01

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.25		—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01 236 0952				
Call Fnd	11.79	8.82	12.98	6mth
7 day Fnd	11.61	8.66	12.74	6mth
Oppenheimer Money Management Ltd				
66 Cannon St. EC4N 6AE 01 236 1425				
Call Fnd	11.63	8.69	12.82	6-Mth
7-day Fund	11.11	8.10	12.21	6-Mth
Dollar	7.00			6-Mth
Money Mngt Acc	11.00	8.22	12.27	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq. Edinburgh EH2 4DF 031 225 8484				
Full Service Cur Acc	11.25	8.00	11.78	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acc	11.25	8.41	12.50	Qtr
Min. Int. Chq.	11.125	8.32	12.50	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.50	8.60	12.95	mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01 628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd.				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.35	12.34	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.28	12.34	Mth

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr. frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	95
Babcock	13	Plessey	24
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	56	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	28	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds.	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Scepticism on EEC dairy scheme

BY IVO DAWNAY IN BRUSSELS

PLANS FOR a comprehensive "outgoers" scheme available to all Community dairy farmers are aimed at slicing the most costly final 3m tonnes off a surplus that some argue is running at almost 18m tonnes a year.

How to create a sufficiently attractive, but at the same time effective programme of incentives, is said to have provoked a fierce internal debate between officials in the farm directorate-general at the EEC Commission.

And yesterday, the scheme that now appears to have reached the top of the pile was already attracting scepticism.

The proposals would offer farmers the value of their annual production to stay out of the market at least until the "superlevy" quotas on output are withdrawn. Political realities dictate that this means indefinitely.

In return the dairy farmers would receive Ecu 28 for every 100 kilos of output given up. As the reduction targeted is 1m tonnes a year over three years, the cost to the farm budget would amount to Ecu 280m annually—making a total of Ecu 840m.

Payments to those accepting the programme would only be made over three years in three tranches however. This would mean the impact on the budget would be marginal.

Furthermore, as the last 3m tonnes of excess production is usually disposed of by the most expensive means—the notoriously inefficient half-price Christmas butter programmes for example—the savings for the Commission would be substantial.

But while these elements in the package may make it extremely attractive to the farm budget managers, the deal itself is unlikely to appear too seductive to the farmers.

The much-hated superlevy quotas are now becoming familiar to Europe's farming community. And many have now realised that their quota represents a useful capital asset—enhancing the value of their farms.

Although, technically, sales of quotas remain illegal, experts believe any number of loopholes exist for farmers to pass on their guaranteed output in return for large cheques. "Who would sell a substantial capital asset in return for three payments from the Commission over three years of a value equal only to one year's output?" one sceptic asked last night.

The possible answer may lie in Commission measures for an accompanying crackdown on quota sales. And it is expected that new Community-wide rules on quota transfers requiring the freezing of a fixed proportion of all transferred output, part financed by member states, will also be presented.

Nevertheless, the outline proposals may receive a reasonably warm welcome from member states. Whether, however, they will push their farmers into the voluntary programme is another matter. The tendency will be for each to urge other countries to persue the programme in order to maximise their own country's slice of the remaining total Community output.

The Commission may, therefore, be forced to consider a measure of compulsion when the scheme is formally discussed — an element that will add a disagreeable measure of political contention to the formula.

Alternatively, a substantially improved cash offer for giving up production, perhaps involveing contributions from member states, could sweeten the pill. But that would hit an already stretched farm budget still harder.

Whatever the final outcome of the dairy outgoers' scheme debate, the smart betting insists that the medicine will probably need to be washed down with a great deal more cash.

And it wil still taste bitter.

Cotton supplies estimated at record level

WASHINGTON — World cotton suplies this season (beginning August 1) are put at an all-time high of 42.6m bales, 17m more than in August 1984, the International Cotton Advisory Committee (ICAC) said in its annual review of the world cotton situation.

The high level of stocks is the result of very large carry-overs, the ICAC said.

Stocks will get a further boost by the end of the season because of a production level of 9m bales in 1985/86, which will be in excess of anticipated consumption, ICAC said.

The increase in stocks this season will be concentrated in the U.S. and China, up in each case by roughly 4.5m bales. Reuter

WEEKLY METALS

All prices as supplied by Metal Bulletin:

ANTIMONY: European free market. 99.6 per cent, $ per tonne, in warehouse, 2,800-2,860.

BISMUTH: European free market, min. 99.99 per cent, $ per pound, tonne lots in warehouse, 4.15-4.30.

CADMIUM: European free market, min. 99.95 per cent, $ per pound, in warehouse, ingots, 0.75-0.80, sticks, 0.83-0.86.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse, 11.10-11.35.

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse, 280-286.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per pound Mo, in warehouse, 2.80-2.88.

SELENIUM: European free market, min. 99.5 per cent, $ per pound, in warehouse, 7.20-7.30.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit WO, cif, 62-70.

VANADIUM: European free market, min. 98 per cent V O, other sources, $ per pound V O, cif, 2.10-2.20.

URANIUM: Nuexco exchange value, $ per pound U O, 16.00.

Metals marketing effort urged

BY STEFAN WAGSTYL

MINING COMPANIES have been urged to step up their efforts in marketing metals.

Industry conferences held in London this week have been warned of the need to promote the use of metals in the battle against plastics and other substitute materials. They have also been told to invest in developing new uses for metals to make up for markets already lost to other materials.

These appeals reflect the industry's concern about poor demand for most metals in the 1980s. But so far producing companies, many of which have had to bear heavy costs in cutting back capacity, have been reluctant to invest significantly in marketing.

Mr Peter Barnett, chief executive of the Australian company Electrolytic Zinc, said: "If the industry is to compete with other materials, it must support organisation such as the International Lead and Zinc Research Organisation in seeking out new applications for zinc." An integrated marketing effort was needed to sell Galfan, a new zinc-aluminium galvanising alloy. Its advantages would not sell themselves, he said.

Dr Carlton Davis Jnr, executive director of the Jamaican Bauxite Institute, told aluminium producers that the industry's last new product was the beverage can, introduced 20 years ago.

Reviewing the marketing efforts of the nickel industry, Mr Donald Phillips, president and chief executive of Inco, the Canadian group, said that the newly-formed Nickel Development Institute had won the backing of 14 producers, mining more than 50 per cent of the world's nickel. The institute's annual budget, now US$2m was expected to rise to $5m.

Mr Christopher Stobart, research director of Commodities Research Unit, a research company, warned copper producers that marketing was "the most important and the most neglected issue facing the copper industry today."

He urged producers to increase their promotional spending tenfold. The copper companies had to get together to fund joint campaigns along the lines of a recent marketing effort in West Germany promoting under-floor heating systems.

There is evidence that producers are beginning to take these marketing appeals to heart. For example, copper companies led by the UK group Rio Tinto-Zinc have hired the Charles Barker City advertising and public relations agency in London to investigate the promotion of copper in the UK, West Germany, France and Italy.

Crop damage may upset grain trade patterns

BY NANCY DUNNE IN WASHINGTON

WEATHER DAMAGE to wheat in Canada and the EEC may lead to the restructuring of grain trading patterns during 1985-86, according to Mr Richard Fritz, director for market analysis of U.S. Wheat Associates.

The first beneficiary of the poor quality crop will be Australia, which has large stocks and recently made its first wheat sale to the UK in nine years. Ultimately, Britain is expected to buy between 250,000 to 500,000 tonnes from Australia.

The U.S. may be able to sell additional milling quality wheat and some durum to the EEC, according to Mr Fritz. Last year it sold 1.1m tonnes in the EEC, down from 1.6m in 1983-84

Damage to Canadian wheat is forcing the Canadian Wheat Board to decide how to allocate its higher quality wheat between traditional customers. Suspension of offers to non-traditional customers for number 1 and 2 wheat have already been announced, and Canadian wheat has not been placed on the EEC market for several weeks, Mr Fritz said.

The Soviets last year bought 6m tonnes of Canadian wheat —5.1m tonnes of which was of No 1 quality. Japan and the EEC have bought this quality exclusively.

Meanwhile U.S. grain traders have also been concerned about the collapse of a lock wall in the Welland Canal which links lakes Ontario and Erie. The canal has been closed, blocking navigation in and out of the Great Lakes.

While authorities say the closure may only last a few days, other analysts worry that it could take weeks to repair. If grain floods into the elevators and cannot be exported, grain dealers will lower prices paid to farmers and raise storage charges.

● U.S. and Soviet officials began semi-annual grain consultations yesterday in an atmosphere clouded by the Soviet Union's refusal to buy as much wheat as agreed under the U.S.-Soviet grain supply agreement, reports Reuter.

U.S. officials attending the talks said the session might end after only one day.

Study uprates Colombian oil reserves

By Maurice Samuelson

A LEADING oil industry consultancy has increased its estimate of Colombia's oil reserves in the light of that country's accelerating drilling programme and its high success ratio.

The Geneva-based Petroconsultants Group, in a new review of the Colombian oil industry to 1995, says that it now regards as conservative its estimate, published last year, of recoverable reserves of 1,255m barrels. It now estimates the country's ultimate recoverable "proven" reserves could reach up to 4bn barrels by 1986.

At the same time, the study, admits that evaluation is still being carried out on Occidental Petroleum's finds in the Llanos basin, as well as Tenneco's strikes in the Upper Magdalena basin. However, in the Cano Limon, La Yuca and Matanegra discoveries initial proven reserve estimates have been upgraded from 290m barrels to 680m barrels. Tenneco's San Francisco discoveries are estimated at about 100m barrels.

Bolivian mines face bleak future

BY DAVID OWEN

"WE HAD another tunnel collapse here today." Our guide pointed to the posse of men still struggling to patch up the hole less than 50 yards from the mine entrance.

"This time no one was hurt." One of the primitive rope and pulley lifts was also out of action. Clearly the San José tin and silver mine had seen better days.

It is not alone in its decrepitude. Bolivia's once highly profitable mining sector is literally falling apart at the seams for lack of investment. Near-exhausted mines are pumping out diminishing tonnages of minerals on to almost uniformly depressed world markets, with little hope of ever being viable again — even if prices do improve.

The figures speak for themselves. In 1984, according to the influential private sector report Medium Mining, the value of Bolivian mineral production totalled $354m—down from $482.6m in 1983 and $663m in 1981. The decline in output levels was equally spectacular at almost 25 per cent. Tin production, on which the country depends for over a third of its legal export earnings, fell by exactly a quarter to 17,900 tonnes. Comibol, the state-owned mining corporation, produced only 11,600 tonnes of tin in 1984 while its operating losses were close to $200m. Few expect 1985 to be any better, in spite of the corporation's 15,500-tonne tin production target.

Bolivia is paying now for lack of foresight during the profitable years. Grades were already falling when the sector was nationalised in 1952. But rather than invest in new mine machinery and exploration projects to ensure future viability the management opted to take advantage of cheap labour to keep costs down, lavishing credit instead on construction of downstream facilities to enable Bolivia to process some of its own minerals. It is a strategy other prominent mining nations (South Africa, Chile, Australia . . .) have adopted to great effect. But its success depends on the mines producing enough feed to keep the plants functioning at high levels. In Bolivia this has patently not been the case.

Since its inauguration in 1971, the state-run Enaf tin-antimony smelter has not once approached its 30,000 tonnes a year refined tin capacity. Earlier this year, Sr Raúl Ibarnegaray, at the time plant general manager, estimated 1985 production might be as low as 10,000 tonnes. Comibol's tin volatisation plant at La Palca—built using Soviet technology—is said to be not only short of feed but also uncompetitive and dirty. Yet Soviet officials have been lobbying strongly for a similar plant to be constructed at Machacamarca. Finally, a 45-50,000 tonnes a year lead-zinc complex at Karachipampa, erected at great expense using West German expertise, has still to be brought on stream following completion well over a year ago. Experts believe it is unlikely that Bolivia can ever produce sufficient lead-zinc concentrates to keep it supplied to levels at which it can be profitable.

While Comibol has belatedly realised that new mines are essential to Bolivia and has drawn up a list of more than 20 possible projects, financing the development of even the most promising deposits will not be easy.

At home, the cupboard is bare and international finance is not lightly attracted to a country whose inflation rate has been running at 14,000 per cent and whose political history is so turbulent that some refer to it as the LP state because of its 33 revolutions per minute.

Clearly the first priority of the new Paz Estenssoro Government must be to restore a modicum of sanity to the country's shattered economy. But its first package of austerity measures (incorporating a limited exchange rate float, proposals to free trade and plans to decentralise the mining sector into four regional bodies) was greeted with an all-too-familiar response. Bolivia was brought to its knees by a 33-day general strike, and the mining sector was the last to return to work — having been promised government-level talks — on October 3. The breaking of the strike appears, however, to have strengthened the Government's hand.

There is no doubt that Bolivia still possesses potentially viable mineral deposits. Gold is viewed by many as the country's "great white hope." While official figures put 1984 output at a mere 1.3 tonnes, Sr Raúl España Smith, president of the private-sector Medium Mines Association, believes the true figure may have been as high as 8 tonnes with the balance smuggled out of the country. Most gold is produced inefficiently by settlements of "barranquilleros" attracted east towards the Brazilian border by the age-old promise of riches untold. There is considerable scope, Sr Smith and others believe, for highly mechanised, low labour-intensive operations to be set up on a number of sites offering the prospect of relatively quick returns on a tolerably small initial investment. "I already have a couple of sites in mind," an English engineer said with a glint in his eye, "if they can sort the economy out."

But the development of new gold deposits and, in the medium term, lead-zinc mines to feed Karachipampa, will mop up only a fraction of the miners now superfluous to the needs of the shrinking tin sector. Comibol, with around 28,000 employees 65 per cent of whom are surface workers, is seriously overmanned. Cuts would be neccessary even if all mines were viable. With some now so near to exhaustion that costs are double international tin market prices (which are themselves artifically supported), mass lay-offs appear ultimately inevitable.

From an economic viewpoint, the sooner the Comibol cost structure is trimmed in line with reduced earnings the better. But the powerful and long-suffering miners would be certain to react violently to any sudden threat to their livelihood. While logic dictates Bolivia must quickly find alternatives to tin, few expect the transition to be anything but painful.

David Owen is an Assistant Editor of Metal Bulletin.

LONDON MARKETS

SPECULATIVE selling triggered a late decline in lead prices on the London Metal Exchange and the cash position, which closed £3.25 down at £278.0 a tonne, lost further ground in after hours trading. Other base metals were also lower with the expectation of zinc, which held steady following Tuesday's gains. Coffee continued firm in line with the New York market and the January futures position ended £20 higher at £1,699 a tonne. The rise was also helped by good buying interest and easier sterling. A late fall hit sugar values with nearby positions losing around $7 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	684.5-5.5	+1.5	689/689
3 months	707-.5	+1.25	712/706.5

Official closing (am): Cash 689-90 (685 5-6), three months 711.5-12 (708-.5), settlement 690 (686). Final Kerb close: 707-.5.
Turnover: 9,800 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	965-6	-4.0	972.5-972.5
3 months	987-.5	4.5	994.5/987

Official closing (am): Cash 972-.5 (967.5-8), three months 994-.5 (990-.5), settlement 972.5 (968). Final Kerb close: 987.5-8.

Cathodes			
Cash	944 7	-3.5	—
3 months	970 2	-5.0	—

Officail closing (am): Cash 952-4 (949-50), three months 977-80 (974-5), settlement 954 (950).
Turnover: 11,975 tonnes. U.S. Producer prices 66.00-70.00 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High-low
Cash	278-9	-3.25	283/276
3 months	282 3	-3.25	287.5/278

Official closing (am): Cash 282-3 (283-.5), three months 285.5-6 (287-.5), settlement 283 (283.5). Final Kerb close, 279-80.
Turnover: 9,700 tonnes. U.S. Spot: 19.00-20.00 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2980 90	-35.0	—
3 months	3030-5	-27.5	3060 3035

Official closing (am): Cash 2990-3000 (3020-5), three months 3040-5 (3065-70), settlement 3000 (3025). Final Kerb close, 3020-40.
Turnover, 674 tonnes.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	8750-60	-40.0	—
3 months	8650 5	-34.	—

Official closing (am): Cash 8787-93 (8800-5), three months 8685-6 (8680-5), settlement 8793 (8805).

Standard			
Cash	8750-60	-40.0	8789.8785
3 months	8650-5	-34.	8690/8650

Official closing (am): 8785-8 (8798-800), three months 8685-6 (8680-1), settlement 8788 (8800). Final Kerb close, 8660-70.
Turnover: 1,000 tonnes. Straits tin M$30.05 (29.96) kilo.

ZINC

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	451-2	+0.5	—
3 months	457.5-8.5	+1.5	462/457

Official closing (am): Cash 453-4 (449-.5), three months 458-9 (455-.5), settlement 454 (449.5). Final Kerb close: 458-9.
Turnover: 6,200 tonnes. U.S. Prime Western: 38.00-38.75 cents per pound.

GOLD

Gold fell $3¾ to $323¼-323¾ on the London bullion market yesterday, responding to the strength of thes dollar, and lower Comex values in New York. The metal opened at $325¾-326¼, and was fixed at $325.90 in the morning and $323.85 in the afternoon. It touched a peak of $326-326½ and a low of $322½-323.

GOLD BULLION (fine ounce)	Oct. 16	
Close	$323¼-323¾	(£229¼-229¾)
Opening	$325¾-326¼	(£230¾-231¼)
M'n'g fix	$325.90	(£230.295)
Aft'n'n fix	$323.85	(£229.344)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	$329½-330¼	(£233¼-234¼)
½ Krug.	$171½-172¼	(£121¼-122¼)
¼ Krug.	$87¼-88	(£62-62½)
1/10 Krug.	$35¼-36	(£25-25½)
Mapleleaf	$332¾-334½	(£236-237¼)
New Sov.	$76-78½	(£55¼-55¾)
½New Sov	$47-47¾	(£33¼-33¾)
Old Sov.	$80-81½	(£56½-57¼)
$20 Eagle	$460-500	(£326¼-354½)
Noble Plat	$327-330¼	(£232-234¾)

SILVER

Silver was fixed 2.1p an ounce lower for spot delivery in the London bullion market yesterday at 440.7p. U.S. cents equivalants of the fixing levels were: spot 622.5c, down 3.2c; three-month 634.65c, down 3.2c; six-month 647.35c, down 2.25c; and 12-month 675 4c, down 2.8c. The metal opened at 440-443p (621-624c) and closed at 435-438p (614-617c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	440.70p	-2.10	435p	-8
3 months	452.85p	-2.10	447.8p	-8
6 months	464.40p	-1.85	—	—
12 months	487.95p	-1.9	—	—

LME—Turnover: 37 (22) lots of 10,000 oz.
Three months high/low 451p, final kerb 446 5-8.5p.

RUBBER

PHYSICALS — The London market opened unchanged, attracted little buying interest throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyers): spot 58 00p (58 50p); November 56 50p (56 75)p). December 56.75p (57 00p). The Kuala Lumpur fob price for RSS No 1 was 185 0 (same) cents a kg and for SMR 20 was 173.5 (174.5).

INDICES

FINANCIAL TIMES

Oct. 15	Oct. 14	M'th ago	Year ago
249.10	250.09	256.46	293.17

(Base: July 1 1952=100)

REUTERS

Oct. 16	Oct. 15	M'th ago	Year ago
1703.2	1700.0	1740.1	1889.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 15	Oct. 14	Month ago	Year ago
Spot	115.75	115.67	—	124.30
Fut.	117.84	117.46	—	126.17

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Oct. 16 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt.	$1015/35		$1000/20
Copper			
Cash h Grade	£965.5	-4	£1009
3 mths	£987.25	-4.5	£1035.75
Gold Troy oz	$323.5	-3.75	$315
Lead Cash	£278.5	-3.25	£297.5
3 mths	£282.5	-3.25	£304.75
Nickel			
Free Mkt.	192/212c	-2	204 224c
Palladium oz	$101.40	-0.15	$95.50
Platinum oz	$318.60	-3.85	$297.50
Quicksilver†	$270/280		$280/300
Silver troy oz	440.70p	-2.10	441.00p
3 months	452.85p	-2.10	455.25p
Tin cash	£8755	-40	£9164
3 months	£8652.5	-34.5	£9113.5
Tungsten	$66.75		$70.68
Wolfram 22.0lb.	$62/68		$65/70
Zinc	£451.5	0.5	£513.5
3 months	£458	1.5	£520.5
Producers	$780		$780/830
OILS			
Coconut (Phil)	$445x	+5	$440
Palm Malayan	$365u	+5	$350
SEEDS			
Copra Phil	‡		$287.5
Soyabean (U.S.)	‡		$217.75
GRAINS			
Barley Fut. Jan.	£109.70	-0.10	£104.85
Maize	£137.00v		£131.00
Wheat Fut. Jan.	£109 00	+0.25	£105.00
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1752.5	+3.5	£1802.5
Coffee Ft. Jan.	£1699	+20	£1712.5
Cotton A Index	48.60c	-0.1	53.00c
Gas Oil Dec.	$252.75	+0.5	$243
Rubber (kilo)	58p	-0.5	61p
Sugar (raw)	$133x	-3	$133.5
Wooltops 64s	418p kilo		428p kilo

‡ Unquoted. x Oct-Nov. w-Nov-Dec. v Nov. u Dec. † Per 75 lb flask. c Cents a pound.

COCOA

Virtually unchanged on the opening, futures steadied later and, in reasonably active trading, ended the day near the highs. Little physical interest was noted as both producers and consumers were reluctant to trade at current levels, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1703 1704	-7.5	1719-1700
March	1752-1753	+3.5	1759-1745
May	1783 1784	+4.5	1798 1775
July	1805-1808	+3.0	1812 1800
Sept.	1817-1819	+5.5	1820-1810
Dec.	1800 1802	-0.5	1805-1810
Mar.	1805-1810	-1.5	—

Sales: 3,313 (4,562) lots of 10 tonnes.
ICCO indicator prices (U.S. cents per pound). Daily price for October 16: 105.52 (105.63); five-day average for October 17: 106 51 (107.44).

COFFEE

During a fairly active session gains of £33-43 were established in good volume, reports Drexel Burnham Lambert. Commission house buying fuelled the gradual advance but scale-up trade selling and profit-taking tended to restrict the rise slightly.

COFFEE	Yesterdy's Close	+ or —	Business Done
Nov.	1657-1668	+13.0	1677-1651
Jan.	1698 1700	+20.0	1714-1690
March	1725-1729	+18.0	1745-1721
May	1759 1760	+25.5	1774-1738
July	1770-1785	+26.5	1785-1759
Sept.	1790-1811	+28.5	1810-1775
Nov.	1815-1868	+42.5	—

Sales: 4,302 (2,626) lots of 5 tonnes.
ICO indicator prices (U.S. cents per pound) for October 15: Comp daily 1979 122.50 (121.34); 15-day average 120.44 (120.25).

GRAINS

Wheat nearby positions firmed quickly with physical supplies remaining tight. Values reached 55p up but late, light profit-taking trimmed the gains. Barley remained in a tight range with a two-way shipper trade the main feature, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Nov.	106.00	+0.4	107.50	-0.05
Jan.	109.00	+0.2	109.70	-0.10
Mar.	112.00	+0.2	112 65	-0.05
May.	114.95	-0.1	114.85	—
July.	117.65	+0.2	—	—
Sept.	97.50	+0.3	97.50	+0.25

Business done—Wheat: Nov 106 10-5.65, Jan 109.05-8.85, Mar 112.05-1.90, May 115.10-4.95, July untraded, Sept 97.50 only. Sales: 459 lots of 100 tonnes. Barley: Nov 107.60-7.50, Jan 109.90-9.75, Mar 112.60-2.70, May 124.90-4.85, Sept 97.50-7.30. Sales: 189 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent Dec 131 25, Jan 134, Feb 136.75 transhipment east coast. U.S. No 2 soft red winter Nov 111.50, Dec 112.50, Jan 113.75, Feb 115 sellers. EC French Oct 123.00. English feed fob Jan-Mar 113.50 paid east coast. Oct 108.25 sellers, Nov 109 00-109.75, Dec 110 75 sellers, Jan-Mar 113.00-113.75, Apr-Jun 117.50-118.50 buyer-seller. Maize: U.S No 3 yellow/French transhipment east coast Nov 137 seller. Barley: English feed fob spot 113.50 paid cif Antwerp-Ghent, Oct 108.25, Nov 110 paid Peterhead, Jan-Mar 115.50 paid east coast. Nov 110.00-110.50, Dec 111.50-112.50 buyer-seller. Jan-Mar 115.75, Apr-Jun 119.50 sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: E Mids 103 60. N East 103.90, Scotland 100.90. The UK monetary coefficient for the week beginning Monday October 21 will remain unchanged at 1.000.

MEAT

PIGMEAT—After trading at the recent contract highs, prices fell away and closed lower. The AAPP was 101.80p per kg, down 0.39, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Nov	118.40	119.20	119.3-118.4
Feb	102 50	103.00	102.8-102.5
April	104.40	104.70	104.40
June	101.30	101.50	—
Aug	100 50	100.50	—
Oct	106.00	107.00	—

Sales: 77 (41) lots of 50 carcases. 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93 82p per kg lw (+1.18). GB—Sheep 158.38p per kg est dcw (+3.89). GB—Pigs 79 89p per kg lw (+0.24).

U.S. MARKETS

PRECIOUS METALS declined due to long liquidation as fresh investment demand was discouraged by large silver exchange stocks along with the disappointing level of U.S. industrial production for September, reports Heinold Commodities. Copper and aluminium came under pressure from the strike at Chrysler by the UAW and from the decline in car sales during October. Reports that Brazil plans to sell sugar in the export market and the EEC selling tender depressed sugar values. Cocoa was supported by the 3.9 per cent increase in the West German grind. Coffee remained firm in response to dry weather adversely affecting the Brazilian crop. Speculative selling based on poor export demand pressured cotton values. The energy complex came under pressure on expectations of increased refinery runs to build up stocks. Maize and soyabeans drifted lower on favourable arvest weather.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	42.75	—	—	43 20
Nov	43.05	—	—	43.40
Dec	43.40	43.80	43.15	43.85
Jan	43.75	—	—	44 20
March	44.50	44 85	44.50	44.95
May	45.20	—	—	45 65
July	45.90	—	—	46.35
Sept	46.60	—	—	47 05
Dec	47.65	—	—	48.10
Jan	48.00	—	—	48.45

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2161	2164	2142	2141
March	2245	2247	2230	2230
May	2290	2290	2276	2277
July	2322	2322	2314	2310
Sept	2343	2345	2345	2337
Dec	2332	2333	2325	2320

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	143.18	143.60	142.45	142.07
March	145.30	146.00	144.80	144.21
May	146.50	147.00	145.90	145.44
July	147.15	147.35	146.50	146 00
Sept	147.37	—	—	146.38
Dec	146.45	146.50	146.00	145.38
March	146.00	—	—	146.00

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	59.60	—	—	60 35
Nov	59.85	—	—	60.60
Dec	60.25	60.90	60.20	61.00
Jan	60.50	60.95	60.95	61.25
March	61.05	61.60	61.05	61.70
May	61.40	61 95	61.40	62.05
July	61.75	62.10	61.70	62 40
Sept	62.10	62 35	62.25	62.75
Dec	62.65	63.20	63.00	63.30
Jan	62.80	63.30	63.30	63.45

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	60 30	60.42	59.97	60.53
March	60.82	60 98	60.60	61.02
May	61.22	61.20	61.09	61.35
July	59.70	59.85	59 57	59 97
Oct	53.89	—	—	54.05
Dec	52.82	53 00	52.82	52.98

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Nov	29 40	29.52	29.23	29.35
Dec	28.68	28 88	28.52	28.76
Jan	28.00	28.20	27.91	28.12
Feb	27.46	27.66	27.37	27.61
March	26.98	27.22	26.95	27.15
April	26.62	26.80	26.62	26.80
May	26.26	26.45	26.26	26.46
June	26.05	26.00	26 00	26.12
July	25.75	25.76	25.75	25.83
Aug	25.60	—	—	25.60

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	323.8	324.0	323.8	325.8
Nov	324.9	—	—	327.0
Dec	326.8	328 4	325.5	329.1
Feb	331.0	332.5	330.3	333 4
April	335.1	336.2	334 0	337.6
June	339.5	339.5	338.0	342.1
August	344.0	344.0	344.0	346.7
Oct	348.8	—	—	351.6
Dec	353.6	354.2	353.0	356.5
Feb	358.7	360.0	358.8	361.7
April	364.0	—	—	367.1
June	369.6	—	—	372.8
August	375.4	—	—	378.7

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Nov	82.76	83.70	82.50	83.15
Dec	83.15	84.00	82.85	83.54
Jan	82.90	83.50	82.65	83.11
Feb	81.25	81.60	81.15	81.37
March	77.40	77.80	77.30	77.60
April	74.20	74.70	74.10	74.43
May	72.25	72.60	72.25	72.60
June	72.40	72.50	72.50	—
July	72.60	72.50	72.60	—
Aug	72.50	72.50	72.50	—

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	118.75	119.70	118.60	119.10
Jan	115.75	116.40	115.25	115.85
March	114 50	115 20	113 95	114.25
May	113.65	114.00	113.00	113.40
July	112.75	113.50	112.75	112.60
Sept	111.75	—	—	111.60
Nov	110.75	—	—	110.60
Jan	108.75	—	—	108.00
March	108.75	—	—	108.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	314.8	319.0	316.4	321.8
Jan	319.4	325.0	318.8	326.0
April	322.4	327.5	322.0	328.7
July	325.8	331 0	328.0	332.3
Oct	329.4	335.0	331.8	336.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	609.0	615.5	612.0	620.7
Nov	611.4	—	—	622.1
Dec	615.5	628.5	615.0	626.5
Jan	619.9	—	—	630.8
March	628 2	641.5	628.0	642.3
May	637.0	649 0	636.5	652.2
July	647.9	660.0	648.0	661.7
Sept	656 5	667.5	658.0	671.6
Dec	671.9	—	675 0	687.5
Jan	677.4	—	—	693.1

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	4 90	5 30	4.87	5.27
March	5 34	5.74	5.33	5.72
May	5.53	5.90	5.46	5.88
July	5 71	6 07	5.68	6.07
Oct	6.06	6 38	6.09	6.34
Jan	6 10	—	—	6.38
March	6.65	6 95	6.65	6.97

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	61.85	61.90	61.15	61.46
Dec	63.80	63.85	63.07	63.32
Feb	61.70	61.75	61.05	61.37
April	61 65	61.75	61.15	61.32
June	62 00	62 00	61.40	61.50
Aug	59 72	60.10	59.45	59.50
Oct	58 75	59.00	58.60	58.60

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	47.30	47.45	46.40	46.60
Dec	46.42	46 50	45.80	45.76
Feb	45.47	45.55	44.75	44.72
April	40 95	41.05	40.57	40.57
June	43.15	43 45	43.00	42.97
July	44 27	44 35	44.00	44.20
Aug	43.37	43.45	43.20	43.20
Oct	40.17	40 45	40.00	39.95
Dec	41.25	41 25	—	41.20

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	218.6	219 6	218.4	220.6
March	231 8	233 2	231.4	233.2
May	238 4	240.0	238.4	239 4
July	241.4	242.4	241.2	242.4
Sept	231.2	232 4	231 2	231.6
Dec	228.4	228.4	227.4	228.2
March	237.6	237.6	237.6	237 4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	66.10	66 20	65.10	65.27
March	66.32	66.50	65.25	65.27
May	67 30	67.36	66.20	66.45
July	67.07	67.17	66.70	66.77
Aug	64.87	65 00	64.80	64 60

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	499.6	501 0	497.4	503 4
Jan	513 2	514.4	511.2	516.4
March	526 6	527.6	524.4	528.6
May	536 6	537.6	535.0	539.2
July	543.0	544 4	542.0	546 0
August	542.4	544.0	542.4	545.4
Sept	533.4	534.0	533.0	535 4
Nov	531.6	532.6	530.0	533.6
Jan	543.4	—	—	544.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	140 0	140.5	139.5	141.1
Dec	140 8	141.5	140 4	142.4
Jan	142.0	142.5	141.4	143.6
March	143 4	144 3	143.1	144.5
May	144 8	145 6	144.5	145 5
July	146.8	146.8	145.5	146.8
August	146.0	147.0	146 0	147.5
Sept	146.2	147.0	146.0	147.6
Oct	146.0	146 0	146 0	146.5
Dec	145.5	145.5	145 5	146.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	19 35	19.45	19.20	19.50
Dec	19.42	19.50	19.25	19 41
Jan	19.62	19 68	19.45	19 61
March	20 00	20.06	19.82	20.00
May	20.42	20.45	20.20	20.40
July	20.75	20 80	20.60	20.82
August	20.85	20 85	20.65	20.93
Sept	20.80	20.80	20.75	20.95
Oct	20.65	—	—	20 95
Dec	20 70	20.80	20.70	20 90

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	305.2	307.2	302.0	303.4
March	312.4	314.0	309.0	310.2
May	304.0	305.2	302.0	303.2
July	284.2	286.0	282 4	283 6
Sept	286.4	—	—	286.0
Dec	297.4	297.4	294.2	295.4

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. New York tin 568 0-70.0 (569.0-72.0) cents per pound. Handy and Harman silver bullion 614.5 (625.0) cents per troy ounce.

OIL

Brent ended the day little changed. WTI was only 15c up after this week's price rally was checked by profit-taking. Gulf crudes continued firm, spurred on by a squeeze on Dubai. Nymex opened 7-10c up, but was trading 3-6c below Tuesday's close by 1 pm EDT. In the petroleum product market, gas oil firmed early on, with the strong IPE opening. Prices softened mid-afternoon with the Nymex —Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.70 27.80	—
Arab Heavy	25.55-25.65	—
Dubai	28.80 28.90	+0.20
Brent Blend	28.10-28.15	+0.025
W.T.I. (1pm est)	28.30-28.40	+0.15
Forcados (Nigeria)	28.70-28.80	-0.025
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	278-280	—
Gas Oil	258-259	+2
Heavy fuel oil	133 135	—
Naphtha	246-247	—

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Nov.	256 25	+0.25	253.00-56.00
Dec	252.75	+0.50	258.25-52.00
Jan	251.00	+0.25	254.75 50 50
Feb	247.00	-1.00	226.00 47.00
Mar.	244.175	+1.25	244.50-41.75
Apr.	231.75	-1.50	237.00-31.50
May	228.50	-1.50	250.50-28.00

Turnover: 2,611 (2,532) lots of 100 tonnes.

POTATOES

November was again firm in response to improved confidence in physical market and nervousness over the size of the uncovered position ahead of expiry. Distant positions were also steadier following the recent stop-loss sell-off, with some fresh buying interest emerging as November strengthened and some short covering ahead of next week's PMB expected yield and crop figures, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	65.30	63.50	65.50-64.50
Feb	67.00	66.00	—
Apr	78.40	77.00	79.10 77.58
May	84.80	83.00	85.00 83.70

Sales: 529 (468) lots of 40 tonnes.

SOYABEAN MEAL

The market opened unchanged in quiet trade, reports T. G. Roddick. Prices drifted during the afternoon.

	Yesterday close £ per tonne	+ or —	Business Done
October	—	—	—
Dec.	125.8 126.4	—	128.8-125.5
Feb.	128.5 129.0	—	129.2
Apr.	127.0-127.8	-0.35	127.5
June	125.0-125.5	+0.55	125.7-125.0
August	125.0 126.5	+0.10	—
October	126.0 124.8	+0.75	—

Sales: 249 (223) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $133.00 (£94 00), up $3.00 (up £2.00) a tonne for October-November delivery. White sugar $172 50, up $1.50.

Prices consolidated the overnight gains following reports of fresh buying interest from the USSR but fell in line with New York and in reaction to the EEC tender result, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec	136.0-136.2	143.2-144.0	145.4-135.0
Mar.	144.0-144.4	151.0-151.6	151.4-143.0
May	147.4-147.6	154.6-154.8	154.8-147.2
Aug	151.0 155.0	158.8-159.6	—
Oct	158.0-158.0	165.6-167.0	164.8

Sales: 2,724 (2,427) lots of 50 tonnes.
Tate & Lyle delivery price for granulated basis sugar was £198.00 (£195.50) a tonne for export.
International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for October 15: Daily price 5 06 (4.98); 15-day average 5 00 (same).

PARIS—(FFr per tonne): Dec 1391-1395, Mar 1405-1410, May 1436-1445, Aug 1475-1490, Oct 1505-1515, Dec 1515-1545.

NO 16—6/6½

FREIGHT FUTURES

With the seriousness of the Welland Canal problem uncalculated, combined with no news from the physical market, freight futures experienced a quiet day, closing little changed, reports Clarkson Wolff. The Baltic Freight Index was 989.5, unchanged.

	Close	High/Low	Prev.
Oct.	913-914	914/911	912 914
Jan.	926 926	926/920	923,920
April	970/985	—	980/985
July	850 875	875/874	870-874
Oct.	928/932	932	925-934
Jan.	950/980	—	948,970
April	1030/1100	—	1030-1100
July	900 940	—	910-950

Turnover: 53 (136).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

The dollar rose sharply on the foreign exchanges, to its highest level against the D-mark since the Tuesday following the meeting of Group of Five finance ministers in late September. The central banks have not been particularly active in the market during the last week or so, and there have been signs recently that market fear of intervention has diminished. But the U.S. Federal Reserve sold a large amount of dollars in the Far East, and later in New York as demand for the dollar increased. Dealers also reported intervention by the Bank of Japan in Tokyo, and by the Bundesbank on the open market, as well as at the Frankfurt fixing.

This was not on a large enough scale to deter the market however, where sentiment was running strongly in favour of the dollar.

Apart from commercial demand for the U.S. currency, it was also felt the dollar has underlying strength because the U.S. Treasury will offer attractive yields on the very large amount of paper to be sold when the Federal debt ceiling is increased by Congress.

Today's publication of revised third quarter U.S. gross national product, is also expected to support the dollar, although a rise in growth, from the flash estimate of 2.8 per cent to around 3.5 per cent, is probably already built into the dollar's value. The major fear is that the central banks are waiting until the GNP revision is out of the way before attacking long dollar positions next week, taken out as a result of increased optimism about the U.S. economy and anticipation of high interest rates.

The dollar closed around the day's peak, rising to DM 2.6850 from DM 2.6615; FFr 8.1825 from FFr 8.1150; SFr 2.2040 from SFr 2.1835; and Y217.40 from Y215.50.

On Bank of England figures the dollar's index rose to 132.1 from 131.4.

£ IN NEW YORK

	Oct. 16	Prev. close
£ Spot	$1.4085-4095	$1.4125-1.4155
1 month	0.45-0.42 pm	0.44-0.43 pm
3 months	1.17-1.16 pm	1.15-1.10 pm
12 months	3.00-2.85 pm	2.90-2.80 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING — Trading range against the dollar in 1985 is 1.4400 to 1.0525. September average 1.3657. Exchange rate index rose 0.1 to 80.4, the highest closing level so far this month. It opened at 80.3, the day's low and touched a peak of 80.6 at 1 pm.

Sterling fell ½ cent to $1.4075-$1.4085, but for most of the day rose with the dollar against other currencies. It improved to DM 3.78 from DM 3.76; FFr 11.52 from FFr 11.4650; SWfr 3.1550 from SwFr 3.0850; and Y306 from Y304.50.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.6190. September average 2.8370. Exchange rate index 127.3 against 122.7 six months ago.

The D-mark weakened against the dollar despite intervention by Bundesbank. Dollar sales by the central bank began about an hour after the start of Frankfurt trading and continued later in the day. Sales by the Bundesbank at the fixing were modest amounting to $13.8m as the dollar rose to DM 2.6813 from DM 2.6613, and dealers suggested the intervention was merely a sign that the central bank intends to maintain a presence. Forays into the market by the central banks was seen as one of two conflicting factors, as market sentiment suggests the fall from a peak of over DM 3.45 in February has been overdone. The stronger dollar was reflected in a continuing fall in German bond prices, while expectations of high yields at forthcoming U.S. Treasury auctions lent support to the U.S. currency. The dollar closed in Frankfurt at DM2.68175, against DM 2.6615 previously.

POUND SPOT—FORWARD AGAINST POUND

October 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4075-1.4140	1.4075-1.4085	0.44-0.41c pm	3.62	1.18-1.13pm	3.28
Canada	1.9302-1.9372	1.9302-1.9332	0.54-0.44c pm	3.04	1.41-1.26pm	2.76
Nethlnd.	4.24-4.26¾	4.25¾-4.26¾	2⅛-2c pm	5.98	6⅛-5⅞pm	5.57
Belgium	76.14-76.67	76.25-76.35	23-18c pm	3.21	59-51pm	2.87
Denmark	13.84½-13.72½	13.68½-13.69½	3⅞-2½ore pm	2.63	9¼-8½pm	2.66
Ireland	1.2151-1.2240	1.2205-1.2215	0.30-0.16p pm	2.26	0.71-0.46pm	1.90
W. Ger.	3.76½-3.78½	3.77½-3.78½	2⅞-2⅝pf pm	7.33	6⅛-5⅞pm	2.87
Portugal	230.45-234.39	230.45-234.15	65-435c dis	−12.98	305-1375d	−14.52
Spain	229.16-230.42	230.03-230.33	45c pm-20dis	−0.68	10pm-140d	−1.14
Italy	2,537-2,554	2,545-2,546	3-6lire dis	−2.12	13-17dis	−2.35
Norway	11.23-11.30	11.27¼-11.28¼	¼-1½ore dis	−0.73	2⅝-3⅝dis	−1.13
France	11.47¼-11.53¾	11.51½-11.52½	2⅝-2c pm	2.41	5⅛-4⅝pm	1.63
Sweden	11.28¼-11.33¼	11.30½-11.31½	2⅞-3⅝ore dis	−3.05	6⅞-7⅞dis	−2.54
Japan	304½-306½	305½-306½	1.41-1.29y pm	5.29	3.92-3.74pm	5.01
Austria	26.47-26.59	26.56-26.59	15½-13¼gro pm	6.64	41-36pm	5.83
Switz.	3.08½-3.16	3.15-3.16	2-1⅞c pm	7.49	5⅞-5⅝pm	6.93

Belgian rate is for convertible francs. Financial franc 76.80-76.90. Six-month forward dollar 1.93-1.88c pm, 12-month 2.95-2.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

October 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4075-1.4140	1.4075-1.4085	0.44-0.41c pm	3.62	1.18-1.13pm	3.28
Ireland†	1.1522-1.1610	1.1532-1.1542	0.18-0.08c pm	1.35	0.50-0.30pm	1.38
Canada	1.3698-1.3714	1.3700-1.3710	0.05-0.08c dis	−0.57	0.15-0.20dis	−0.51
Nethlnd.	3.0060-3.0275	3.0240-3.0250	0.56-0.53c pm	2.44	1.80-1.76pm	2.86
Belgium	53.95-54.30	54.15-54.25	2-3c dis	−0.56	7-9dis	−0.59
Denmark	9.66¼-9.74½	9.72¼-9.72¾	½-1ore dis	−0.93	1⅞-1½dis	−0.62
W. Ger.	2.6660-2.6860	2.6845-2.6855	0.82-0.77pf pm	3.56	2.43-2.38pm	3.59
Portugal	164-165¾	164½-165¾	100-300c dis	−14.56	400-1100d	−18.18
Spain	162½-163½	162¾-163¼	35-55c dis	−3.31	140-200dis	−4.17
Italy	1,797½-1,810	1,807½-1,808½	9-10lire dis	−6.32	26½-28dis	−6.04
Norway	7.95¼-8.02	8.00¾-8.01¼	2⅞-3⅞ore dis	−4.51	8½-9dis	−4.39
France	8.13-8.18¾	8.18-8.18½	0.80-1.05c dis	−1.43	3.30-3.80dis	−1.79
Sweden	7.98½-8.04	8.03-8.03½	4⅞-4⅞ore dis	−6.74	11½-12dis	−5.86
Japan	215.50-217.50	217.35-217.45	0.33-0.29y pm	1.72	0.97-0.92pm	1.75
Austria	18.74½-18.87	18.85-18.86	4½-3⅞gro pm	2.63	13½-11pm	2.60
Switz.	2.1865-2.045	2.2035-2.2045	0.78-0.73c pm	4.13	2.10-2.05pm	3.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 54.55-54.65.

EXCHANGE CROSS RATES

Oct. 16	£	$	DM	YEN	F Fr.	S Fr.	H FL	Lira	C $	B Fr.
£	1.	1.408	3.780	306.0	11.52	3.155	4.258	2546.	1.952	76.30
$	0.710	1.	2.685	217.4	8.183	2.204	3.025	1808.	1.378	54.20
DM	0.265	0.372	1.	80.95	3.049	0.835	1.185	673.4	0.511	20.19
YEN	3.268	4.601	12.35	1000.	37.65	10.31	13.91	8319.	6.313	249.3
F Fr.	0.868	1.222	3.281	265.6	10.	2.739	3.696	2210.	1.677	66.23
S Fr.	0.317	0.446	1.198	96.99	3.651	1.	1.349	806.9	0.612	24.18
H Fl.	0.235	0.331	0.888	71.87	2.706	0.741	1.	597.9	0.454	17.92
Lira	0.393	0.553	1.485	120.2	4.526	1.239	1.673	1000.	0.759	29.97
C $	0.516	0.726	1.957	158.4	5.964	1.633	2.204	1318.	1.	39.50
B Fr.	1.311	1.845	4.954	401.0	15.10	4.135	5.580	3336.	2.533	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Oct. 16	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr.(Fin)	9-9¼	8⅝-8⅞	8⅝-8⅞	8¾-9	8⅞-9⅛	8⅞-9⅛
Br.Fr (Con)	9¼-9⅛	8¾-9	8⅝-8⅞	8⅝ 8⅞	8¾-9	9-9¼
Yen	6⅛-6¼	6⅝ 6½	6⅝-6⅝	6½ 6⅝	6⅝ 6⅝	6⅝-6⅝
D. Krone	9-9⅛	9-9½	9¼-9¾	9¼-9¾	9¼-9¾	9⅝-9⅞
Asian $ (Sng)	8-8⅛	8-8⅛	8-8⅛	8⅛-8¼	8¼-8⅜	8⅝-8¾

Long-term Eurodollars: two years 9½-9⅝ per cent; three years 9⅞-10⅛ per cent; four years 10⅛-10½ per cent; five years 10⅜-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen: others, two days' notice.

CURRENCY MOVEMENTS

Oct. 16	Bank of England Index	Morgan Guaranty Change %
Sterling	80.4	−9.8
U.S. dollar	132.1	+20.0
Canadian dollar	84.1	−8.8
Austrian schilling	117.8	+5.0
Belgian franc	91.8	−9.9
Danish Kroner	81.0	−4.2
Deutsche mark	127.3	+9.4
Swiss franc	150.5	+12.8
Guilder	117.4	+5.1
French franc	66.5	−12.9
Lire	44.5	−20.0
Yen	169.4	+22.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Oct. 16	£	$
Arg'tina	1.1280-1.1308	0.8000-0.8010
Aus'alia	2.0175-2.0215	1.4295-1.4310
Brazil	11,463-11,527	8,150-8,170
Finland	8.0940-8.1060	5.7380-5.7400
Greece	216.52-220.38	154.90-158.24
H'kong	11.0085-11.0297	7.8015-7.8065
Iran	122.50*	86.80*
Kuwait	0.4174-0.4180	0.29570-0.29588
Lux'bg	76.25-76.35	54.15-54.25
Malay'a	3.4700-3.4770	2.4630-2.4640
N'Z'land	2.4380-2.4470	1.7285-1.7346
Saudi Ar.	5.1475-5.1545	3.6511-3.6516
Sin'pore	3.0215-3.0275	2.1455-2.1465
S.Af.(Cm)	3.0760-3.0815	2.1835-2.1880
S.Af.(Fn)	4.1195-4.3425	2.9195-3.0075
U.A.E.	5.1775-5.1847	3.6720-3.6750

* Selling rate.

CURRENCY RATES

Oct. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.750574	0.564765
U.S. $	7½	1.05966	0.825104
Canadian $	9.66	—	1.13106
Austria Sch.	4	N/A	15.5532
Belgian Fr.	9½	57.4972	44.7619
Danish Kr.	7	10.3514	8.02207
D mark	4	2.84137	2.21334
Guilder	5	3.20494	2.49445
French Fr.	9½	8.66060	6.74695
Lira	15½	1915.66	1491.79
Yen	5	229.045	178.924
Norway Kr.	8	8.45621	6.60063
Span'h Pta.	—	172.937	134.568
Swedish Kr.	10½	N/A	6.63435
Swiss Fr.	4	2.33283	1.81589
Greek Dr'ch	20½	166.868	129.748
Irish Punt	13½	N/A	0.714985

*CS/SDR rate for October 14: N/A

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.7619	−0.16	+0.42	±1.5426
Danish Krone	8.12857	8.02207	−1.31	−0.67	±1.6421
German D-mark	2.23840	2.21334	−1.12	−0.48	±1.1455
French Franc	6.86402	6.74695	−1.71	−1.07	±1.3654
Dutch Guilder	2.52208	2.49445	−1.10	−0.46	±1.5162
Irish Punt	0.724578	0.714985	−1.32	−0.68	±1.6673
Italian lira	1520.60	1491.79	−1.89	−1.81	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FUTURES AND OPTIONS

Dollar contracts firm

U.S. Treasury bond prices were firmer in the London International Financial Futures Exchange yesterday. The December contract opened at 75-20 up from 75-11 on Tuesday and after falling on early selling to a low of 75-17, recovered on renewed buying interest after the opening of U.S. markets.

Sentiment was improved by a firmer dollar and the recent absence of any U.S. Treasury auctions. The latter have been postponed owing to Federal debt ceiling problems. The market was also influenced by a 0.1 per cent fall in U.S. industrial production after a revised 0.6 per cent rise in August. The latter was offset to some extent however by a revision in the July figure to a fall of 0.2 per cent. Further advances in futures prices were inhibited to some extent by a higher Fed funds rate. The December contract touched a high of 75-28 before finishing at 75-26.

Euro-dollar prices tended to move in line with bonds and after opening at 91.68 the December contract saw most of the day's business transacted between 91.68 and 91.70. It closed at the day's high of 91.72 up from 91.67 on Tuesday. Tomorrow's U.S. third quarter GNP figure is expected to show an improvement over the flash estimate rise of 2.8 per cent. Most predictions in the market suggest a rise of 3 per cent to 4 per cent.

Sterling based contracts showed small losses on the day. Early gains were eroded as the pound slipped against the dollar during the afternoon, even though it finished firmer against European currencies. Gilt stocks acted in much the same way with early buying tending to dry up and selling later in the day pushing prices down to the day's lows. Both short sterling and gilt contracts traded within a very narrow range.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4080	1.4038	1.3965	1.3890	1.3790

IMM—STERLING $s per £

	Latest	High	Low	Prev
Dec	1.4020	1.4040	1.4015	1.4050
March	1.3930	1.3935	1.3925	1.3965
June	1.3840	—	1.3840	1.3900

LIFFE—STERLING £25,000 $s per £

	Close	High	Low	Prev
Dec	1.4020	1.4050	1.4001	1.4055
March	1.3935	—	—	1.3970
June	1.3875	—	—	1.3910

Estimated volume 26 (7)
Previous day's open int 3,511 (3,510)

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3753	0.3771	0.3750	0.3779
March	0.3786	—	—	0.3812
June	0.3820	—	—	0.3846

Estimated volume 31 (144)
Previous day's open int 444 (492)

STERLING INDEX

	Oct. 16	Previous
8.30 am	80.2	80.2
9.00 am	80.3	80.2
10.00 am	80.3	80.3
11.00 am	80.4	80.2
Noon	80.5	80.3
1.00 pm	80.6	80.2
2.00 pm	80.5	80.2
3.00 pm	80.5	80.3
4.00 pm	80.4	80.3

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	113-12	113-17	113-11	113-14
March	113-14	—	—	113-16
June	—	—	—	112-16
Sept	112-14	—	—	112-16
Dec	112-14	—	—	112-16

Estimated volume 1,191 (1,781)
Previous day's open int 4,279 (3,776)
Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract) −6 to +4 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64th of 100%

	Close	High	Low	Prev
Dec	98-26	98-30	98-25	98-27
March	98-41	—	—	98-42

Estimated volume 388 (950)
Previous day's open int 1,355 (1,436)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Dec	89.08	89.11	89.07	89.09
March	89.55	89.56	89.53	89.55
June	89.67	89.68	89.64	89.65
Sept	89.60	89.64	89.61	89.61
Dec	89.50	89.56	89.54	89.52

Estimated volume 736 (751)
Previous day's open int 7,318 (7,251)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	133.70	133.70	132.50	132.85
March	134.70	—	—	133.85

Estimated volume 218 (364)
Previous day's open int 1,348 (1,258)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	91.72	91.72	91.66	91.67
March	91.36	91.36	91.30	91.31
June	91.00	90.98	90.95	90.95
Sept	90.65	90.64	90.62	90.60
Dec	90.32	—	—	90.27

Estimated volume 2,854 (2,570)
Previous day's open int 21,198 (21,196)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	75-26	75-28	75-17	75-11
March	74-20	—	—	74-05

Estimated volume 2,036 (1,138)
Previous day's open int 2,934 (2,959)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	75-25	75-28	75-17	75-19
March	74-19	74-21	74-12	74-13
June	73-17	73-17	73-09	73-10
Sept	72-16	72-16	72-14	72-10
Dec	71-20	71-21	71-16	71-13
March	70-24	70-24	70-19	70-18
June	—	—	—	69-27
Sept	—	—	—	—
Dec	—	—	—	68-17
March	—	—	—	67-31

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	92.82	92.83	92.79	92.79
March	92.51	92.51	92.47	92.47
June	92.14	92.14	92.12	92.11
Sept	91.80	91.80	91.79	91.78
Dec	91.49	91.49	—	91.47
March	91.22	91.22	—	91.20
June	90.96	90.96	90.95	90.94

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	92.01	92.01	91.96	91.92
March	—	—	—	91.62
June	—	—	—	91.2[illegible]
Sept	—	—	—	90.8[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	91.70	91.71	91.66	91.6[illegible]
March	91.34	91.34	91.31	91.3[illegible]
June	90.97	90.97	90.94	90.9[illegible]
Sept	90.61	90.61	90.59	90.[illegible]
Dec	90.28	90.28	90.27	90.[illegible]
March	89.97	89.97	—	89.[illegible]
June	89.67	89.68	89.66	89.[illegible]
Sept	89.41	89.41	—	89.[illegible]

LIFFE-EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	1.72	1.43	1.26	—	0.00	0.07	0.26	—
90.50	1.23	1.00	0.90	—	0.01	0.14	0.40	—
91.00	0.76	0.64	0.60	—	0.04	0.28	0.60	—
91.50	0.36	0.35	0.37	—	0.14	0.49	0.87	10
92.00	0.12	0.17	0.20	50	0.40	0.81	1.20	—
92.50	0.02	0.06	—	—	0.80	1.20	—	—
93.00	0.00	—	—	—	1.28	—	—	—

Previous day's open int: calls 1,965, puts 2,142.

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	20.98	20.98	20.98	—	0.03	0.71	1.58	—
1.25	15.98	15.98	16.42	—	0.15	1.45	2.67	—
1.30	10.98	12.01	12.96	—	0.57	2.66	4.21	4
1.35	6.81	8.78	9.98	—	1.61	4.43	6.23	160
1.40	3.80	6.17	7.50	16	3.60	6.82	8.75	—
1.45	1.84	4.16	5.50	163	6.64	9.81	11.75	—
1.50	0.77	2.69	3.94	605	10.57	13.34	15.19	—

Previous day's open int: calls 8,659, puts 15,685.

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	21.40	21.40	21.60	—	0.20	0.75	1.60	10
1.25	16.40	16.50	16.90	—	0.20	1.50	2.60	—
1.30	11.40	12.50	13.20	—	0.70	2.60	4.40	—
1.35	7.30	8.80	9.90	—	1.85	4.30	6.10	1
1.40	4.00	6.20	7.30	57	3.85	6.80	8.30	80
1.45	1.95	3.80	5.40	—	6.80	9.60	11.50	100
1.50	1.00	2.50	3.90	100	10.60	13.00	14.70	—

Previous day's open int: calls 8,248, puts 9,279

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	0.65	—	—	10
1.35	—	—	—	—	1.60	—	—	80
1.40	3.75	—	—	1	—	—	—	—
1.45	1.80	—	5.10	231	—	—	—	—
1.50	—	—	—	—	—	—	—	—

MONEY MARKETS

UK rates show little change

UK clearing banks base lending rate 11½ per cent since July 30.

Interest rates showed little movement in London yesterday as the market continued to suffer from a lack of impetus. Tonight's Mansion House speech by Mr Nigel Lawson, Chancellor of the Exchequer, tended to be the only factor of any interest although some dealers were sceptical as to whether he would say anything to directly influence rates in the short term.

Sterling's improvement failed to have any real impact with three-month interbank money finishing at 11½-11⅜ per cent, unchanged from Tuesday and three-month eligible bank bills bid at 11⅛ per cent compared with 11⅛-11¼ per cent. Overnight interbank money opened at 11⅜-11½ per cent and traded up to 13 per cent.

The Bank of England forecast a shortage of around £800m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £725m and a rise in the note circulation of £85m. In addition banks brought forward balances £65m below target. These were partly offset by Exchequer transactions which added £80m. The Bank gave assistance in the morning of £227m through outright purchases of bills, having revised the forecast to a shortage of £700m. The morning help comprised purchases of £4m of eligible bank bills in band 1 (up to 14 days) at 11⅜ per cent and £166m in band 2 (15-33 days) at 11⅛ per cent. In band 3 (34-63 days) it bought £34m of eligible bank bills at 11¼ per cent and £23m in band 4 (64-91 days) at 11⅛ per cent.

In the afternoon the Bank gave assistance of £318m. This comprised purchases of £233m of eligible bank bills in band 2 at 11⅛ per cent, £52m in band 3 at 11¼ per cent and £33m in band 4 at 11⅛ per cent. It also provided late assistance of £65m, making a total of £610m.

In Brussels the Belgian central bank cut its discount rate to 9 per cent from 9½ per cent, effective today. The rate was last cut in September from 10 per cent. Yesterday's announcement came a day after a further reduction made in short term Treasury bill rates.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	7⁵⁄₁₆
Fed funds at intervention	—

Treasury Bills & Bonds

One month	7.09
Two month	7.19
Three month	7.41
Six month	7.71
One year	7.97
Two year	8.87
Three year	9.22
Four year	9.53
Five year	9.76
Seven year	10.12
10 year	10.26
30 year	10.53

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 16)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/8	offer 8 1/4	bid 8 1/4	offer 8 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Oct. 15	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11⅝-13	11⅝-11⅞	11⅝-11¾	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	11⅝-11⅛	[illegible]	[illegible]	[illegible]
Local Authority Depos	11⅝-11¾	11⅝-11½	11⅝	[illegible]	[illegible]	[illegible]
Local Authority Bonds	—	—	12	[illegible]	[illegible]	[illegible]
Discount Mkt. Depos.	11-11¾	11½-11⅝	11⅝	[illegible]	[illegible]	[illegible]
Company Depos	11⅞-12	11¾-11⅞	11¾-11⅞	[illegible]	[illegible]	[illegible]
Finance Hse Depos	—	—	11⅝	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	—	11⅛	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	—	—	11¼	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	—	—	11⅞	[illegible]	[illegible]	[illegible]
Dollar CDs	—	—	7.85-7.95	[illegible]	[illegible]	[illegible]
SDR Linked Depos	—	—	7⅝-7⅞	[illegible]	[illegible]	[illegible]
ECU Linked Depos	—	—	8¼-8⅜	[illegible]	[illegible]	[illegible]

[illegible]

MONEY RATES

Oct. 16	Over-night	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101 13/16	99 7/16	Exch. 12¼pc 1985	100 1/32 xd	.....	12.24	11.98
101 3/16	99 1/16	Exch. 11¼pc '86	100⅛	−1/16	11.74	11.06
99¾	97 1/16	Treas. 10pcCnv 1986	99 7/16	−1/16	10.04	10.96
96½	92¼	Treas 3pc 1986	96¼ xd	−1/16	3.12	9.75
100	97½	Exch. 10½pc Cv '86	99 11/16 xd	−1/16	10.52	11.01
101⅞	99¾	Treas 12pc 1986	100⅝	.....	11.92	10.87
98½	94¼	Treas 8¼pc 1984-86‡‡	98 5/16	—	8.63	10.69
105 5/16	102 3/16	Exch. 14pc 1986	103⅛ xd	−1/16	13.58	10.75
94½	87¾	Exch. 2½pc 1986	94½ xd	.....	2.65	7.86
104 3/16	101¼	Exch. 13¼pc 1987	102 15/16	.....	12.87	10.59
99½	96⅝	Treas 10¼pcCv '87	99½	.....	10.30	10.58
93⅛	85½	Exch 2½pc 1987	93⅛	.....	2.68	7.92
100 3/16	96¾	Exch. 10½pc 1987	100	.....	10.50	10.50
95¾	89	Funding 6½pc '85-87‡‡	95¼ xd	.....	6.82	9.94
99 3/16	95½	Treas. 10pc 1987	99⅛	.....	10.09	10.55
91¾	84¼	Treas 3pc 1987	91 5/16	.....	3.28	8.29
102 11/16	99⅛	Treas. 12pc 1987	102 7/16 xd	.....	11.70	10.59
95 1/16	90¼	Treas 7¾pc 1985-88‡‡	95 1/16	+1/16	8.15	10.19
100 1/16	95⅛	Exch 10½pc '88	100 1/16 xd	.....	10.49	10.51
98⅛	93⅛	Treas 9¾pc Cv '88	98⅛	.....	9.94	10.55
87 1/16	80	Transport 3pc '78-88	87⅛	.....	3.44	8.41
97⅛	91½	Treas. 9½pc '88	97⅛ xd	.....	9.76	10.54
102¾	97½	Treas 11½pc 1989	102¾	.....	11.19	10.46
97 3/16	90¾	Treas 9½pc Cnv. '89	97⅛ xd	.....	9.78	10.51
83 13/16	79	Treas 3pc 1989	83 13/16 xd	+⅛	3.58	8.34
99 13/16	94	Treas 10½pc 1989	99 11/16	.....	10.53	10.54
98⅛	92	Exch 10pc 1989	98 5/16	−1/16	10.17	10.53
101 5/16	95	Exch 11pc 1989	101 1/16	.....	10.84	10.54
86¾	79	Treas 5pc 1986-89	86⅝	.....	5.79	9.15
108 15/16	103⅛	Treas 13pc 1990‡‡	108 7/16	−1/16	11.97	10.41
101⅝	96 11/16	Exch 11pc 1990‡‡	101½	−1/16	10.84	10.53
108¼	100¼	Exch. 12½pc 1990	107	.....	11.68	10.49
80 3/16	75¾	Treas. 3pc 1990◆	80 3/16 xd	.....	3.74	8.28
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

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HOTELS—Continued

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INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	34	Macleilan (P & W) 20p	44½	−½	11.7	2.3	5.5	9.2
77	46	Magnolia Group	74		2.6	3.0	5.0	9.0
48	28	Malcolm Hldgs 10p	38		—	—	—	◆
480	202	Man. Ship Can. £1	480	+25	5.5	3.5	1.6	25.2
104	70	Marley	91	+1	3.75	2.2	5.9	11.0
107	52	Marling Ind. 10p	88	−1	d1.5	5.1	2.4	11.2
82	36	Marshall L'ey. 'A'	76		12.4	4.9	4.5	5.5
77	55	Marshall's Universal	62	+1	12.0	1.4	4.7	(19.0)
86	78	Do. 7½pcCnRedPf £1	82		7½%	—	13.1	—
£99	£81	Mathesons 7¼%	£99		Q7¼%	2.3	18.0	—
35	18	Maxiprint 1p	18	−2	—	—	—	—
515	375	Metal Box £1	510	−3	17.25	3.1	4.8	7.7
170	110	Metal Closures	130	−2	6.7	2.0	7.4	8.1
17	3	Metal Sciences 2½p	6½	+½	—	—	—	—
104	63	Midland Marts	77	+5	4.0	2.1	7.5	9.1
*83½	55½	Mitchell Cotts	66		4.25	◆	9.6	◆
230	182	Morgan Crucible	199		18.0	1.6	5.9	13.5
32½	22	Morris (W) F.A. 20p	32		90.5	◆	2.2	◆
131	91	Moss (Robt.) 10p	126		3.0	2.5	3.4	13.9
81	60	Myson Grp 10p	62		92.5	3.4	5.9	11.6
328	214	NMW Computers	260xd	+10	1h4.8	2.7	2.6	20.0
43	28	Nash Inds.	30		12.5	1.5	‡	6.9
48	16	Neil & Spencer 10p	19		♦—	—	—	5.7
44	14½	Newman Inds 10p	29xd		20.3	—	1.5	(13.7)
46	26	Norton	46		u1.17	◆	3.0	◆
194	146	Norcros	194		8.6	2.2	6.3	9.7
67	45	Nu-Swift 5p	49xd		13.0	1.9	8.7	7.9
114	68	Oakwood Grp.	107		1d4.5	1.4	6.0	(15.7)
250	150	Office & Elect	222		17.5	2.6	4.9	11.2
108	75	Oldacre 20p	90	+9	4.0	2.6	6.3	8.0
58	37	Optometrics $0.01	44		u002c	—	3.6	—
495	312½	Oriflame £1	445		123.4	1.8	5.3	10.5
18	10	Outstone 12½c	10					
£192	£158	Ozalid 9pc Cnv 87-92	£184		Q93.23c	1.9	8.4	6.2
185	105	PCT Grp 10p	115		Q9%	—	15.0	—
£14	850	PLM "B" Sk 25	920		3.2	2.2	5.8	13.9
199	130	PSM Intl	130		Q21.6%	5.0	5.0	39.8
170	125	Pacer Systems $0.01	125	−8	fgd5.25	2.5	5.9	6.8
68	50	Pacific Sales 10p	60	−3	hg3.84d	—	2.4	—
233	165	Parker Knoll 'A'	233	−2	3.0	◆	7.1	◆
157	45	Parkfield Group 5p	155		9.5	2.9	5.8	8.5
80	37	Parion Intl.	73	−2	2.4	2.4	2.2	25.9
£190	£101	Do 11pc CvLn '94-02	£167	−1	Q11%	—	4.1	—
378	287½	Pearson	312	+2				

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr
210	177	Central TV N/V 50p	200	−3	10.5	2.3
226	170	Chrysalis	222		5.6	2.6
52	7	Entertain Prod 5p	14		bd2.25	2.1
78	50	Fairline Boats 10p	72		12.63	2.6
391	228	First Leisure £1	391		16.5	2.8
69	51	GRA Group 5p	58		—	—
32	25	Grampian TVA 10p	30		h1.67	◆
167	117	HTV Non/Vtg.	152xd	+2	7.7	◆
148	78	Horizon	88	+2	44.4	3.6
184	90	Insight	152		112.5	6.5
140	102	Intl Leisure 10p	123		4.8	3.1
232	115	Juliana's Hldgs 2p	127xd		12.0	1.8
300	217	LWT	282		14.4	2.3
38	25	Leisure Inv 10p	35	+2	—	—
65	53	Leisuretime Int 10p	55		12.1	3.9
115	98	Lowmar	107	+2	u2.63	3.0
183	153	Media Tech Int 20p	175		g2.58	5.4
205	124	Medminster 10p	168	−2	5.35	◆
280	175	Mos World 10p	235	−5	3.6	4.1
127½	70	Nationwide Leisure	75		13.75	2.5
39	14½	Nimslo Int 20c	14½		—	—
27	19½	Owners Abroad	23½	+¼	1.0	2.2
53	38	Photax (Lon.)	44		—	—
24½	20	P'dilly Radio NV 5p	20		1.87	1.1
90	30	Pineapple Dnc St 10p	50		d1.5	1.2
303	183	Pleasurama 5p	303	+8	1h4.6	3.7
150	109	Do. 7pcCvCmRedPf	146		7%	—
96	77½	Pres Entertain 50p	87½xd	+½	h2.0	2.1
65	20	Radio City 'A' NV	20		5.6	0.9
55	42	Radio Clyde N/V	42		3.25	2.0
63	34	Riley Leisure 10p	41		10.7	—
193	143	Saga Hols. 20p	180		14.0	2.1
300	108	Samuelson Grp 20p	295xd		1.8	◆
42	25	Sangers Photo 10p	31		2.0	1.9
202	138	Scantro 50p	142	+2	g3.68	2.6
159	128	Scott. TV 'A' 10p	158		18.8	2.8
508	286	SeaCo Inc $0.125	901		—	—
15	7	SelecTV 10p	22½	+½	—	—
140	10	Spectrum 5p	37	+2	g2.0	4.8
33	23	TSW 5p	32		1.7	◆
153	108	TVS N/Vtg 10p	145		6.0	2.2
235	132	Television Svcs 50p	185		u1.5	4.3
79	64	Tottenham Hotspur	64		4.0	1.1

INSURANCES

LEISURE

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Commercial Vehicles

Components

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MINES

Central Rand

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O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
350	117	Centennial Min'ls	170		—	—	—
120	50	Colby Res Corp	60		—	—	—
550	280	Cons. Murch. 10c	280		Q86½c	3.9	8.1
40	20	Emmex Int. Ir10p	31		—	—	—
123	93	Greenwich Res	97	−1	—	—	—
215	115	Hampton Areas 10p	133	−4	3.75	0.9	3.8
260	135	Highwood Res	155	+5	—	—	—
£22½	£17¼	Homestake Mining $1	£17½		Q20c	—	0.8
310	155	McFinley Red Lake	250	−25	—	—	—
335	195	Mosto Explorations	242	+12	—	—	—
55	23	New Sabina Res C$1	43	−2	—	—	—
375	210	Northgate C$1	210	−5	—	—	—
685	538	RTZ	550	−7	120.0	2.8	5.3
£145½	£116½	Do. 9½pcLn '95-2000	£125		Q9½%	14.0	7.8
975	910	Tara Explorn $1	950	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ∎ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue, cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

B.Fr Belgian Francs. Fr French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	98	+1	Arnotts	205	
Craig & Rose £1	700		CPI Hldgs.	62	
Finlay Pkg. 5p	54		Carrol Inds.	130	
Higsons Brew	235		Dublin Gas	77	
Holt (Jos) 25p	715xd		Hall (R. & H.)	59	
IoM Stm. £1	87		Heiton Hldgs.	25½	
IRISH			Irish Ropes	45	
Fund 11¼% 1988	£101½		Unidare	108	
Nat. 9¾% 84-89	£97¾		For Jacob (W. & R.) see Foods		
Fin. 13% 97/02	£108¾	−⅛			

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(International Edition Page 36)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Leading shares regain upward momentum and index closes 11 points up at record 1034.9

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 30	Oct 10	Oct 11	Oct 21
Oct 14	Oct 24	Oct 25	Nov 4
Oct 28	Nov 7	Nov 8	Nov 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

Blue chip industrials resumed their advance to record levels in *London stock markets yesterday*. The Financial Times Ordinary Share Index rose 11 points to close at an all-time high of 1034.9 with the tone strengthening throughout the late trade. This was in complete contrast to the early trend which was one of continued indecision reflecting traders' dividend opinions over the short-term course of the market.

A bearish view on **Racal Electronics** *unsettled the still* unfashionable Electrical sector and during the first hour of business most leading shares gave ground. But mid-morning developments in the futures market changed sentiment. Unexpectedly, the FT-SE December contract went from a small discount on its then trading level to a double-figure premium following sustained support, reportedly from two broking houses.

The movement was quickly noted in the stock market and, when the same two sources began to buy selected quality stocks, equity dealers swiftly raised prices. A more general demand, including some institutional support ensued helped by cheerful trading results from major groups **Hawker Siddeley** and ***British Home Stores.*** *Continued* bid speculation further whetted traders' appetites, rounding off an active and interesting market session.

Lucas Industries were heavily traded after further Press speculation regarding a consortium-led bid, this time of 600p per share: *Lucas settled 20 higher at a* year's peak of 435p. A brisk business was also conducted in **Lloyds Bank** and **Royal Bank of Scotland** on the announcement that the former had sold some 14m shares of RBS in line with the agreement with the office of Fair Trading to reduce its *stake to not more than 16.4 per* cent.

Gilt-edged investors, on the other hand, seemed reluctant to enter into any new commitments ahead of the Chancellor's speech at the Mansion House tonight. The international scene provided little guidance and although *short and long-dated quotations* eased fractionally after news of the latest Public Sector Borrowing Requirement figure they steadied later to close with scattered movements in either direction.

RBS easier

Royal Bank of Scotland, up 10 the previous day on talk that Lloyds Bank had sold its entire 21.3 per cent stake in the group, dropped to 274p before closing 6 lower on balance at 278p following the announcement that Lloyds had sold only a near-5 per cent *shareholding to an un*named buyer. News of the sale helped Lloyds touch 440p before closing a couple of pence dearer at 430p. Elsewhere in the banking sector, **Woodchester** moved up 5 more to 117p on the disclosure that Gartmore Information and Financial Trust had acquired around a 7 per cent *stake in the company.*

Composites led the way in Insurances with sentiment still bolstered by a recent broker's circular. **General Accident** rose 13 to 638p and **GRE** firmed 8 to 675p as did **Sun Alliance**, to 478p. **Commercial Union** improved 4 more to 242p, after 243p.

Strata Investments opened at 97p and settled at 98p compared with the offer for subscription *price of 100p.*

Leading Breweries often closed below best levels, but still posted some noteworthy gains. **Allied-Lyons** met fresh support and rallied 5 to 275p ahead of Elder's clarifying statement next Monday. **Scottish and Newcastle** attracted steady support *and advanced 6 to 178p, while* among wines and spirits, **Invergordon**, which recently purchased S & N's scotch whisky business, rose 3 to 159p.

Leading Building issues were little altered, but secondary issues continued to attract selective buying interest. **John Maunders** *were excited by* reports that a sizeable stake had changed hands and touched 159p prior to closing a net 6 up at 156p. A letter to shareholders urging rejection of *C. H. Beazer's tender offer left* **SGB** a couple of pence dearer at 222p. Elsewhere **Phoenix Timber** attracted further support on rumours of a takeover bid from a Swedish concern and gained 6 for a two-day rise of 12 to 116p. **Ruberoid** rose 11 to 198p follow*ing a broker's circular. Buyers* came in for **Alfred McAlpine**, 8 higher at 304p and **Robert M. Douglas**, 4 better at 69p. USM-quoted **Berkeley Group** firmed 5 more to a 1985 peak of 225p, while **George Dew** moved up 4 to 88p.

ICI up 7 at 649p, went ahead as investors anticipated the third-quarter figures which are expected next Thursday. Among other Chemicals, **Foseco** responded to a newsletter recommendation and closed 16 higher at the day's best of 218p. A broker's circular stimulated **Rentokil**, which gained 7 to 150p, *while revived support lifted* **Reabrook** 6 to 71p.

BHS buoyant

Already standing a couple of pence higher, leading Retailers received a further boost following better-than-anticipated figures from **British Home Stores** which touched 312p before settling 10 up on balance at 310p. **Marks and Spencer**, first-half results scheduled for Tuesday week, hardened a few pence to 169p, while **Harris Queensway**, on report of a broker's bullish circular, advanced 6 to 258p, the *interim results are due next* Tuesday. **Woolworth**, aided by a "buy" recommendation from de Zoete and Bevan, advanced 10 to 515p after 518p, but **Sears** bucked the trend and eased 2 to 109p. Secondary Stores also provided a number of features. Mail-orders returned to favour with **Grattan** 8 higher at 304p, and **Empire** 6 better at 152p. The impending launch of Underwoods, the cash chemist chain, stimulated sympathetic support of **Share Drug**, 270p, and **Superdrug**, 465p, up 15 apiece. **Etam**, interim results expected next Wednesday, advanced 6 to 216p, while **NSS**, dull of late after adverse comment, rallied a similar amount to 102p. **Ratners** remained firm, rising 3 more to 119p. Other jewellers also met support, notably **Ernest Jones**, 6 up at 84p, and **H. Samuel A**, 3 dearer at 80p.

A downgraded profits forecast from brokers Wood Mackenzie brought *selling pressure to bear* on **Racal** which dropped to 140p before rallying to close 8 down on balance at 144p. **STC**, meanwhile, remained depressed by continued talk of a large line of shares on offer outside the market at 68p and cheapened 2 more for a two-day reaction of 6 *at a 1985 low of 72p. British* **Telecom**, reflecting Oftel's warning on its proposed telephone price increases, relinquished a few pence to 184p, but **Plessey** recovered from *an initial dull* level of 132p to finish 4 higher at 138p on talk that the company had at last secured the Ptarmigan U.S. defence contract. **Thorn EMI** improved 4 at 361p. Elsewhere, **Klark-Teknik** jumped 16 to 91p in a thin market on recovery hopes. **AirCall**, on the *other hand, fell 10 to 170p on* the interim profits setback.

Early interest in the Engineering sector centred on **Hawker** *following the announcement of* better-than expected interim results and the shares advanced in brisk trading to 413p before settling 26 higher on the day at 407p. Other leaders were inclined harder in sympathy, **GKN** closing 5 to the good at 254p and **Vickers** 3 dearer at 303p **Spear and Jackson** closed 16 higher at 239 following rejection of James Neill's formal offer: the latter gained 10 to 157p, which makes its share exchange offer worth around 235½. *Doubts about the* size of the expected helicopter order from India prompted an initial shakeout in **Westland** which fell to 77 before rallying to close 5 cheaper on the day at 83p. Revived buying on bid hopes prompted a gain of 5½ to 44p in **Woodhouse and Rixon.**

Cadbury Schweppes responded after news that Morgan Guaranty nominees currently hold around 11 per cent of the group's equity and the price touched 151p prior to closing a net 5 up at 148p. Recently-neglected **Rowntree Mackintosh** moved up strongly as takeover rumours resurfaced to *close 12 higher at 397p. Food* Retailers shrugged aside fears of another price war and generally settled a shade firmer for choice. **Bejam** eased 3 to 182p, the annual profits being much in line with market estimates. Elsewhere, a burst of buying interest in a restricted market lifted **Cullens** 17 *to a 1985 peak of* 255p. USM-quoted **Hunter Saphir** gained 8 to 120p on small support, but **Brewmaker** shed 3 to 19p following disappointing interim figures and the warning about second-half trading prospects. The £3.5m rights issue proposal clipped a couple of pence from **Garfunkels**, at 123p.

BAe dip and rally

British Aerospace, unsettled *initially by the company's warn*ing on the build-up in foreign ownership of shares to near the permitted 15 per cent maximum, fell to 433p before rallying to close 9 off on balance at 441p: the early fall was also accompanied by reports of a large share placing. **Alexander Workwear**, still reflecting better-than-expected results, advanced 11 more to 191p. while satisfactory preliminary figures left **Eleco** 5 *higher at 101p. The recovery in* interim profits prompted a gain of 6 to 112p in **Fogarty**. Speculative demand left **Brammer** 23 to the good at 336p, but adverse press comment caused a reaction of 35 to 300p in **Channel Tunnel**. Further consideration of the uninspiring half-year state*ment, saw* **PSM International** fall 8 further to 130p. **Manchester Ship Canal** featured a gain of 25 at 480p. but the unwinding of speculative positions lowered **English China Clays** 6 to 256p. **Brook Street Bureau**, which annonced a fresh bid approach on Tuesday, ran back 5 to 165p. **European Ferries** opened lower at 138p, but persistent bid speculation took the price higher to a close of 141½, up 1½ on the day. **Dufay Bitumastic**, up 5 at 59p, *benefited from news that British* Tar had acquired a 24.1 per cent stake and intends to initiate bid discussions. **Dwek** responded smartly to persistent demand ahead of the interim figures, scheduled for October 25, and closed 8 to the good at 25p, but **MY Dart** eased 2 to 31p on news that *Mr Lew Cartier had reduced* his stake from 10 to 8.1 per cent.

Kennings were not *far behind Lucas, the day's outstanding fea*ture in Motors, soaring to 152p initially amid strong rumours that the Kuwait Investment Office had sold its 21.02 per cent stake in the company, the shares then succumbed to profit-taking and retreated to 143p on confirmation of the KIO's sale *before closing 15 higher on* balance at 145p. Elsewhere, **Jaguar**, believed to be currently seeking a U.S. big board listing, closed 6 dearer at 290p.

Institutional demand prompted further gains among the Property leaders. **Land Securities** firmed 2 to 319p and **MEPC** added 3 to 317p. Selected secondary issues also made progress with **Regalian** up 5 more at a 1985 peak of 315p ahead of the results *expected shortly.* **Asda Property** rose 10 to 230p following the interim results and optimistic statement. Buyers also *favoured* **Mountleigh** which rose 15 to 510p. **Speyhawk** moved up 10 to 305p in a restricted market. Among smaller-priced issues, **Sheraton Securities** were noteworthy for a gain of 1¼ at 19½p. Estate agents **Bairstow Eves** gained 7 to 111p on mounting takeover speculation.

British and Commonwealth, up 12 the previous day on news that former Exco chief executive Mr John Gunn is to join *the boahd dipped to 303p initially* on reports of a large share-placing, but later rallied to end a few pence firmer on balance at 310p. Elsewhere in Shippings, **Common Bros** firmed 3 to 13p on revived speculative support.

Continuing to reflect mounting speculation of a bid from Guinness *Peet,* ***Britannia Arrow*** advanced 5 more to 129p.

Oils quiet

Business in Oils remained at a low ebb, but the leaders managed further modest gains. **British Petroleum** edged up a *couple of pence to 545p, as did* **Shell**, to 695p. **Britoil** were finally 3 dearer at 213p and the new shares a couple of pence dearer at 127p. Elsewhere, USM-quoted **Oilfield Inspection Services** gave up 10 at 60p on lack of interest. **Oil Search** rallied strongly awaiting drilling news from the Manada No 3 well in *Papua New Guinea* and closed 8½ higher at 43p.

Harrisons and Crosfield rallied 12 to 342p on second thoughts *about the interim statement,* while **Paterson Zochonis** continued to reflect the better-than-expected annual results with a *fresh improvement of 5 at 180p.*

Golds lose ground

South African mining markets, underpinned recently by steady, albeit selective, interest from the Cape, gave ground in the wake of bullion's decline—the *metal price finished $3.75 lower* at $323.50 an ounce—coupled with another dull showing by the Financial Rand against the dollar.

Most top-quality Golds relinquished the gains established in the previous two trading sessions, but business was again of a thin and sensitive nature and dealers reported occasional support at the lower levels.

Randfontein dipped 2¼ points *to £54, while* ***Vaal Reefs*** gave up 1 at £46½. Smaller losses were recorded in **Winkelhaak**, £13½ and **Southvaal**, £22½. Among the marginals, **Durban Deep** reacted 38 to 581p, while **Leslie** closed 8 off at 135p. The FT Gold Mines index fell 4.8 to 295.1.

Financials also lacked support. **De Beers** shed a few pence to 316p, while **Anglo American Corporation** finished 10 off at 805p. London-domicile counters reflected the easier bullion price and **RTZ** fell 7 to 550p.

FINANCIAL TIMES STOCK INDICES

	Oct. 16	Oct. 15	Oct. 14	Oct. 11	Oct. 10	Oct. 9	year ago
Government Secs	84.20	84.20	84.16	84.14	84.10	84.08	80.22
Fixed Interest	90.06	90.06	89.91	90.09	90.06	89.96	84.14
Ordinary ♥	1034.9	1023.9	1028.8	1027.5	1017.8	1007.0	838.7
Gold Mines	295.1	299.9	294.6	291.4	290.2	290.2	537.6
Ord. Div. Yield	4.68	4.73	4.65	4.64	4.67	4.71	5.08
Earnings, Yld. % (full)	11.44	11.56	11.38	11.36	11.44	11.54	12.06
P/E Ratio (net) (*)	10.80	10.68	10.87	10.90	10.82	10.73	9.94
Total bargains (Est.)	23,232	23,610	24,498	22,721	21,837	20,548	22,002
Equity turnover £m.	—	450.74	530.22	535.58	467.02	397.01	320.53
Equity bargains	—	22,305	25,725	25,432	21,202	18,850	18,484
Shares traded (ml)	—	228.7	265.4	297.4	246.3	203.4	170.5

♥ 10 am 1023.4. 11 am 1026.0. Noon 1027.3 1 pm 1028.7. 2 pm 1029.6. 3 pm 1032.6. 4 pm 1034.1.
Day's High 1036.5. Day's Low 1022.8
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974
Latest Index 01-246 8026.
* Nil=10.41.

HIGHS AND LOWS | S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.31 (4/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.09 (11/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1034.9 (16/10)	911.0 (25/7)	1034.9 (16/10/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	280.1 (28/8)	734.7 (15/2/83)	43.5 (26/10/71)

	Oct. 15	Oct. 14
Daily Gilt Edged Bargains	155.5	137.2
Equities Bargains	144.5	166.7
Value	911.1	1071.7
5 day Average Gilt Edged Bargains	142.2	140.3
Equities Bargains	147.1	143.1
Value	962.3	907.0

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (106)

BRITISH FUNDS (2)
INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
CORPORATION LOANS (1)
COM'WEALTH & AFRICAN LOANS (1)
BANKS (4)
BUILDINGS (9)
CHEMICALS (4)
STORES (13)
ELECTRICALS (5)
ENGINEERING (4)
FOODS (1)
HOTELS (1)
INDUSTRIALS (21)
INSURANCE (1)
LEISURE (2)
MOTORS (5)
NEWSPAPERS (1)
PAPER (3)
PROPERTY (13)
SHIPPING (1)
TEXTILES (2)
TRUSTS (9)
OVERSEAS TRADERS (2)

NEW LOWS (35)

CANADIANS (1)
Bow Valley
BANKS (1)
Southern Bus. Leas'g
ELECTRICALS (10)
Air Call, Apricot Computers, Brown Boveri Kent, CML Microsystems, Druck, Feedback, Microlease, Polytechnic Elect., Prestwick, STC
FOOD (1)
Brewmaker
HOTELS (1)
Norscot
INDUSTRIALS (5)
Fertl-A-Chron, Grovebell, PSM Intl., Pacer Systems, Pritchard Services
INSURANCE (1)
Bryant (Derek)
NEWSPAPERS (1)
Intl. Thomson
PAPER (1)
Aidcom Intl.
SOUTH AFRICANS (5)
Abercom, Barlow Rand, OK Bazaars, SA Breweries, Tongaat-Hulett
OILS (4)
Conroy Pet Nat. Res., Floyd Oil, Oilfield Insp. Serv., Warrior Resources
MINES (4)
Anglo-Am. Coal, Transvaal Cons., Jason Mining, Anglo Utd. Dev.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
DM190	Nil	—	90pm	58pm	BASF A.G. DM 50	63pm	—
11	F.P.	11/11	11½	10½	Blacks Leisure 10p	11	
55	Nil	—	10pm	8pm	Braswsy 10p	10pm	+2
48	F.P.	22/11	65	57	Burns Anderson 10p	61	+1
86	F.P.	11/11	125	105	City Site Estates	125	
60	Nil	22/11	22pm	15pm	Crowther (J.)	17pm	−1
165	F.P.	6/11	207	180	DRG	205	+8
210	F.P.	22/11	260	245	Emess Lighting	248	—
5	Nil	30/10	12pm	5pm	Howard & Wyndham 5p	12pm	
10	Nil	12/11	¼pm	¼pm	Humberside Elect. 20p	¼pm	
225	Nil	6/12	78	55	ML Hldgs	60	−4

For Greenfields Black see Blacks Leisure.

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ||| Introduction. ✱ Unlisted Securities Market. § Placing price. †† Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	9	37	62
Corpns. Dom. & Foreign Bonds	7	11	63
Industrials	363	251	870
Financial & Props.	99	73	388
Oils	26	31	70
Plantations	2	1	15
Mines	22	58	106
Others	61	73	73
Totals	589	535	1,647

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues close	Day's change
Hrrsns. & Cros.	17	330	−10
Glaxo	16	£13⅝	+⅝
Locker (T.) 'A'	15	28	+4½
Eng. China Clay	14	262	+7
Lloyds Bank	14	428	+6
Renold	14	61	−5
Royal Bk. Scot.	14	284	+10
TI	14	393	−14
Cable & Wire.	13	615	—
Euro. Fornes	13	140	—
Bt. Aerospace	12	450	−10
STC	12	74	−4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 7	Oct 18	Jan 9	Jan 20
Oct 21	Nov 1	Jan 23	Feb 3
Nov 4	Nov 15	Feb 6	Feb 17

For rate indications see end of Unit Trust Service

Stocks favoured for the call included **Markheath Securities, Fine Art Developments, Platignum, Midland Bank, RTD, Vosper, Martin Ford, STC, Goodman Bros, Aitken Hume, C. H. Bailey, Metals Exploration, Allied-Lyons, Oil Search, Brengreen, Ashley Industrial Trust, Ratners, East Coast and Blackhill Minerals.** A put was taken out in Westland, but no doubles *were reported.*

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bailey (C. H.)	17⅛	+⅛
British Home Stores	310	+10
Cadbury Schweppes	148	+5
Channel Tunnel	300	−35
Hawker Siddeley	407	+26
ICI	649	+7
Kenning Motor	145	+15
Lowe Howard-Spink	340	+10
Lucas Industries	435	+20
Royal Bank Scotland	278	−6
Spear and Jackson	239	+16
Woodhouse Rixson	44	+5½

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Oct 16 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Tues Oct 15 Index No.	Mon Oct 14 Index No.	Fri Oct 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	541.80	+0.2	10.67	4.18	11.76	13.61	540.89	544.15	539.45	512.64
2	Building Materials (22)	579.64	+0.3	11.32	4.61	11.00	15.29	578.18	579.82	575.99	472.16
3	Contracting, Construction (28)	908.02	−0.1	11.29	4.66	11.25	24.76	908.89	909.96	897.15	665.15
4	Electricals (13)	1520.22	−0.2	10.62	4.96	12.09	45.52	1522.76	1523.13	1508.91	1507.64
5	Electronics (39)	1303.33	−0.4	11.67	3.46	11.31	30.35	1308.51	1323.31	1295.66	1875.95
6	Mechanical Engineering (61)	314.76	+0.7	10.76	4.55	11.26	8.08	312.48	316.30	314.77	251.88
8	Metals and Metal Forming (7)	213.56	+0.7	12.25	7.46	10.13	5.98	212.18	213.63	213.46	154.37
9	Motors (16)	187.59	+2.0	12.36	4.54	9.82	4.93	183.92	184.84	183.09	133.45
10	*Other Industrial Materials (20)*	1000.67	−0.2	7.49	3.61	16.02	23.43	1002.29	1000.75	1006.54	680.62
21	CONSUMER GROUP (177)	706.98	+0.7	9.07	3.80	13.80	14.24	701.87	704.29	704.65	530.29
22	Brewers and Distillers (23)	739.92	+0.7	9.32	3.91	13.64	13.92	734.45	740.72	742.27	487.37
25	Food Manufacturing (22)	513.90	+1.2	11.47	4.77	11.26	13.66	507.93	507.40	504.94	429.63
26	Food Retailing (14)	1646.92	+0.2	6.00	2.55	22.57	22.79	1643.05	1672.53	1668.24	1269.93
27	Health and Household Products (9)	1069.29	+0.5	7.08	3.06	16.45	11.95	1063.61	1059.37	1062.78	888.33
29	Leisure (23)	693.65	+0.8	8.25	4.80	15.90	23.27	688.32	690.66	687.07	575.17
32	Newspapers, Publishing (12)	1887.18	+0.5	8.14	4.76	15.83	51.02	1878.06	1895.56	1877.47	1306.88
33	Packaging and Paper (13)	364.65	+0.6	9.83	4.21	12.13	8.10	362.38	364.01	361.47	254.01
34	Stores (42)	731.56	+0.7	7.01	2.94	19.29	10.24	726.72	724.59	725.46	466.63
35	Textiles (16)	335.10	+0.3	12.96	4.99	8.78	8.35	334.23	334.77	334.31	282.08
36	Tobaccos (3)	756.13	+1.5	17.83	5.94	6.39	30.77	745.26	753.01	763.55	696.63
41	OTHER GROUPS (99)	689.43	+0.4	9.25	4.14	14.00	15.31	686.47	686.11	687.35	473.89
42	Chemicals (19)	675.84	+1.2	14.57	5.63	9.07	26.19	668.04	667.41	664.99	632.11
44	Office Equipment (4)	204.69	−0.7	7.83	4.27	15.23	5.79	206.05	207.67	206.81	136.61
45	Shipping and Transport (11)	1318.89	+0.2	7.19	4.07	17.17	36.20	1315.79	1307.65	1300.52	839.50
46	Miscellaneous (63)	851.39	+0.4	7.54	3.82	16.30	15.56	847.87	847.49	841.36	665.15
48	Telephone Networks (2)	877.86	+0.2	8.47	3.70	15.75	14.38	875.93	875.93	886.34	0.0
49	INDUSTRIAL GROUP (482)	666.59	+0.5	9.51	3.98	13.29	14.60	663.19	665.21	664.27	521.87
51	*Oils (18)*	1149.70	+0.3	16.37	7.61	7.49	60.30	1145.99	1139.28	1144.85	1040.76
59	500 SHARE INDEX (500)	707.44	+0.5	10.38	4.44	12.10	18.26	703.99	705.34	704.91	565.26
61	FINANCIAL GROUP (115)	497.90	+0.4	—	4.85	—	14.65	495.70	494.47	492.19	392.76
62	Banks (6)	490.77	+0.1	18.26	6.03	7.83	20.18	490.24	487.30	487.77	385.61
65	Insurance (Life) (9)	770.39	+0.6	—	4.39	—	21.80	766.14	767.58	763.77	514.10
66	Insurance (Composite) (7)	371.85	+1.4	—	5.30	—	9.88	366.64	366.90	361.83	289.29
67	Insurance (Brokers) (7)	1129.12	+0.2	7.53	3.83	17.72	29.71	1126.54	1126.40	1122.57	854.24
68	Merchant Banks (11)	257.41	—	—	4.38	—	5.80	257.44	253.81	251.98	193.09
69	Property (51)	695.86	+0.2	5.39	3.46	24.87	12.83	694.29	693.31	691.86	611.44
70	*Other Financial (24)*	290.20	+0.3	10.47	5.69	11.77	10.97	289.31	288.03	286.78	243.94
71	Investment Trusts (107)	595.67	+0.1	—	3.56	—	11.76	594.96	595.07	591.70	534.69
81	Mining Finance (3)	250.71	−1.1	13.34	6.20	8.72	8.37	253.48	252.72	252.39	277.68
91	Overseas Traders (14)	565.52	+0.6	13.34	7.07	8.89	24.01	562.27	565.98	565.20	595.40
99	ALL-SHARE INDEX (739)	645.86	+0.4	—	4.51	—	16.99	643.00	643.71	642.75	522.27

	Index No.	Day's Change	Day's High	Day's Low	Oct 15	Oct 14	Oct 11	Oct 10	Oct 9	Year ago
FT-SE 100 SHARE INDEX	1326.2	+5.3	1326.2	1317.2	1320.9	1321.1	1322.3	1314.1	1308.1	1099.8

FIXED INTEREST

	PRICE INDICES	Wed Oct 16	Day's change %	Tues Oct 15	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.38	+0.02	119.61	0.24	9.61
2	5-15 years	133.38	—	133.74	0.36	11.68
3	Over 15 years	138.98	−0.08	139.09	—	11.30
4	Irredeemables	153.99	+0.25	153.61	—	8.90
5	All stocks	131.12	—	131.40	0.27	10.97
6	Debentures & Loans	114.20	—	114.19	—	8.84
7	Preference	82.98	—	82.98	—	5.54
	BRITISH GOVERNMENT INDEX—LINKED STOCKS					
8	All stocks	111.46	−0.15	111.62	—	2.69

	AVERAGE GROSS REDEMPTION YIELDS		Wed Oct 16	Tues Oct 15	Year ago (approx.)
	British Government				
1	Low	5 years	9.77	9.76	11.27
2	Coupons	15 years	10.05	10.04	10.73
3		25 years	10.07	10.06	10.32
4	Medium	5 years	10.61	10.61	11.89
5	Coupons	15 years	10.39	10.38	11.12
6		25 years	10.06	10.05	10.47
7	High	5 years	10.72	10.71	11.81
8	Coupons	15 years	10.52	10.51	11.27
9		25 years	10.19	10.18	10.58
10	Irredeemables †		9.70	9.72	10.11
11	Debs &	5 years	11.22	11.23	12.29
12	Loans	15 years	11.14	11.14	12.09
13		25 years	11.06	11.05	11.92
14	Preference †		11.82	11.82	13.11
15	Inflation rate	5%	3.53	3.52	3.37
16		10%	3.34	3.32	3.18

†Flat yield. Highs and lows record base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publisher, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 24,477
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

October 15 Total Contracts 7,687 Calls 4,737 Puts 2,950
*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

Oct. 16	Price Sch%	+ or −
Creditanst'it ppd	378	+1
Goesser	509	−1
Interunfall	1,510	−35
Laenderbank	380	
Perlmooser	635	−2
Stey-Daimler	147	+1
Veitscher Mag	724	+4

BELGIUM/LUXEMBOURG

Oct. 16	Price Frs.	+ or −
B.B.L.	2,300	
Banq. Gen. Lux	8,000	
Banq. Int.A.Lux	7,700	
Bekaert	7,010	−30
Ciment CBR	2,640	+25
Cockerill	210	+1
Delhaize	9,000	
EBES	3,650	+50
Electrobel	10,000	
Fabrique Nat.	2,145	−5
GB Inno BM	4,825	+75
GBL (Brux)	2,380	+40
Gevaert	4,600	
Hoboken	5,700	
Intercom	2,700	+40
Kredietbank	9,900	+300
Pan Hldgs	9,450	
Petrofina	6,560	+40
Royale Belge	14,475	+75
Soc. Gen. Banq.	4,095	−35
Soc. Gen. Belge	3,020	+20
Sofina	7,920	+80
Solvay	5,550	−50
Stanwick Intl	1,170	
Tractionel	4,380	+20
UCB	5,500	
Wagon Lits	3,915	−6½

GERMANY

Oct. 16	Price Dm.	+ or −
AEG	201.7	−12.5
Allianz Vers	1,680	+5
BASF	257.8	+0.8
Bayer	241	−0.9
Bayer.Hypo	443	−4
Bayer-Verein	443	−3
BHF-Bank	373	−6
BMW	498	−2
Brown Boveri	279	
Commerzbank	254.8	−1.7
Cont'l. Gummi	172	+5
Daimler-Benz	1,048	−25
Degussa	458	+2
D'sche Babcock	175	−1.5
Deutsche Bank	678.6	−9.5
Dresdner Bank	338	−4.5
GHH	199.6	+3
Hochtief	770	+18
Hoechst	244	−1
Hoesch Werke	142.8	−0.7
Holzmann (P)	623.5	+1.5
Horten	212	−7
Hussel	394	−4
Karstadt	290	+4
Kaufhof	316	−1
KHD	305.7	+1.7
Kloeckner	81.4	−0.1
Linde	608	+3
Lufthansa	229	
MAN	189	−0.8
Mannesmann	234.5	−1
Mercedes Hld.	964	−12
Metallgesell	325	
Muench Rueck	1,999	
Nixdorf	568	−3
Porsche	1,305	−9
Preussag	257	−1
Rhein West Elect	212	−0.7
Rosenthal	300	+2

CANADA

TORONTO

Closing prices October 16

MONTREAL

Closing prices October 16

Indices

NEW YORK—DOW JONES

	Oct 16	Oct 15	Oct 14	Oct 11	Oct 10	Oct 9	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,368.50	1,350.81	1,354.73	1,339.84	1,328.87	1,326.72	1359.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85)	41.22 (2/7/32)
Transport	662.80	657.42	660.58	647.47	642.32	642.58	702.8 (17/7)	553.03 (4/1)	702.60 (17/7/85)	12.32 (8/7/32)
Utilities	154.34	153.98	154.34	154.08	153.88	154.08	168.91 (12/7)	148.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
Trading vol			78.5m	96.3m	91.5m	89.9m	—	—	—	—

	Oct 11	Oct 4	Sept 26	Year Ago (Approx)
Ind Div Yield %	4.60	4.84	4.66	4.85

STANDARD AND POORS

	Oct 16	Oct 15	Oct 14	Oct 11	Oct 10	Oct 9	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	208.37	207.81	207.34	205.64	203.95	203.82	215.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.62 (30/6/32)
Composite	187.98	186.08	186.37	184.28	182.78	182.52	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

TORONTO

	Oct 16	Oct 15	Oct 14	Oct 11
Metals & Minls	1,857.51	1,850.32	closed	[illegible]
Composite	2,645.17	2,630.95	closed	[illegible]
MONTREAL Portfolio	128.80	127.48	closed	[illegible]

* Indicates pre-close figure

	Oct. 16	Oct. 15	Oct. 14	Oct. 11	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	1035.9	1031.0	1056.4	1055.5	1056.5 (14/10)	715.3 (7/1)
Metals & Minls. (1/1/80)	556.2	530.8	528.0	527.2	586.8 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	100.58	100.62	100.16	99.51	105.75 (17/8)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2662.01	2651.64	2642.65	2622.77	2662.01 (16/10)	2030.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	231.17	231.48	232.45	231.12	232.45 (14/10)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	211.3	211.5	209.3	207.5	253.1 (31/5)	188.9 (3/1)
Ind Tendance (28/12/84)	118.7	119.4	118.1	116.5	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	559.28	558.56	554.37	542.04	559.56 (15/10)	382.39 (3/1)
Commerzbank (1/12/53)	1654.6	1639.6	1625.1	1596.8	1659.8 (16/10)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1618.37	1602.89	1594.55	1593.65	1711.51 (19/6)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	396.05	398.81	404.27	404.87	413.55 (8/10)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	13086.6	13056.5	13017.3	12848.92	13055.5 (15/10)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1057.48	1042.24	1039.95	1037.64	1057.56 (10/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	214.5	214.4	212.4	210.8	223.0 (3/9)	165.6 (3/1)
ANP-CBS Indust (1970)	188.5	188.5	186.7	185.0	194.1 (3/9)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	375.74	375.39	372.53	370.76	376.46 (8/10)	266.16 (2/1)
SINGAPORE						
Straits Times (1966)	751.36	748.46	749.65	757.15	852.65 (7/3)	717.90 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1109.5	1083.3	1058.2	1148.8 (15/4)	829.3 (5/8)
JSE Indust (28/9/78)	—	985.0	975.6	975.3	1056.8 (16/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	122.47	120.57	118.54	117.01	122.47 (15/10)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1388.98	1354.06	1345.61	1350.12	1480.88 (11/8)	1285.32 (9/7)
SWITZERLAND						
SwissBankCpn (31/12/58)	491.4	487.7	485.8	486.7	495.3 (11/9)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	227.2	227.2	225.5	227.2 (14/10)	184.6 (4/1)

** Saturday October 12: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50, Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Alex W'wear	191	+11
Allied-Lyons	275	+5
Bairstow Eves	111	+7
Brammer	336	+23
Cadbury Sch	148	+6
Common Bros	13	+3
Cullen Hldgs	255	+17
Foseco Minsep	218	+16
General Acc	638	+13
Harris & Cros	342	+12
Hawker Sidd	407	+28
Jaguar	290	+8
Jones (E)	84	+6
Kenning Motor	145	+15
Klark-Teknik	91	+16
Lucas Inds	435	+20
Man Ship Canal	480	+25
Maunders (J)	156	+6
Plessey	138	+4
Rentokil	150	+7
Rowntree Mac	397	+12
Ruberoid	198	+11
Scott & N	178	+8
Share Drug	270	+15
Spear & J	239	+16
Superdrug	465	+15

FALLS

Air Call	170	−10
Racal Elects	144	−8
Royal Bk Scot	278	−6
Westland	83	−5

U.S. QUARTERLY RESULTS

G. HEILEMAN BREWING
Beer

Third quarter	1985 $	1984 $
Revenue	368.1m	372.9m
Net profits	13.1m	12.7m
Net per share	0.50	0.48
Nine months		
Revenue	1.07bn	1bn
Net profits	106.7m	103.6m
Net per share	2.11	2.05

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 39

Stock	Sales (Hnds)	High	Low	Last	Chng
RAX .01e	95	5½	5	5½	
RPMs .62	189	15	14½	14⅞	
RadSys	364	12⅝	12⅜	12½	+ ⅛
RadtnT	100	10¼	10	10¼	
Radion	1	7½	7½	7½	− ⅛
Ragen	11	4	4	4	
Rainrs 1	735	29⅛	28⅝	28⅝	− ⅞
RayEn .24	8	18⅞	18⅞	18⅞	− ⅛

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅝	16	AAR	.56	2.4	15	35	22⅞	22½	22⅞	
17⅜	9¾	AGS			11	23	14⅝	14⅛	14⅜	−⅛
50¾	28⅛	AMR			7	3765	40¼	39½	40⅛	+⅜
23⅝	18⅝	AMR pf2.18		9.4		8	23¼	23¼	23¼	
14¼	7⅜	APL				287	9⅞	9¾	9⅞	+⅛
61⅛	34¾	ASA	2	5.3		389	38	37½	37⅝	−⅞
27	10½	AVX	.32	2.7	17	279	12⅛	11¾	11¾	−½
28⅛	19¼	AZP	2.72	11.	7	3089	24½	24⅜	24½	+⅛
60	38⅝	AbtLab 1.40		2.5	15	1140	56⅝	56	56¼	+¼
25⅞	19⅝	AccoWd .50		2.2	17	266	23	22⅜	22⅝	−½
24¾	12¼	AcmeC .40		3.1		32	12⅞	12½	12¾	−¼
10½	7⅜	AcmeE .32b		4.3	11	38	7⅝	7½	7½	
19	15½	AdaEx 1.92e		11.		86	17¼	17⅛	17⅛	−⅛
20	13½	AdmMl .32		1.8	7	56	17½	17⅛	17½	+¼
17¾	8⅝	AdvSys .53t		3.6	21	117	14⅝	14¼	14¾	+⅜
37⅜	22⅛	AMD			37	1612	25¼	24⅝	25¼	+½
12⅛	6⅞	Advest .12		1.4	19	190	8¾	8½	8¾	
15⅞	10	Aerflex			12	16	14⅛	13¾	13⅞	+⅛
48⅝	34⅜	AetnLf 2.64		5.7	16	1615	46½	46¼	46½	+¼
57½	53	AetL pf5.41e		9.7		202	56	56	56	+¼
37⅜	22⅞	Ahmns 1.20		3.4	9	2805	35¼	34½	35⅛	+⅝
3⅝	2½	Aileen				11	2⅝	2⅝	2⅝	−⅛
57	42	AirPrd 1.48		2.8	12	665	53⅞	53⅝	53¾	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 39

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
41½	34	Penwlt	2.20	5.9	12	235	37	36½	37	
25⅝	20	Penw	pf1.60	7.0		10	23	23	23	
50	32¾	Pennzoil	2.20	4.7	20	415	47⅞	46¾	47⅛	−½
16⅞	13¾	PeopEn	1.20	7.9	6	165	15⅞	15⅜	15¼	
24⅝	14¼	PepBy s	.20	.9	19	229	23⅝	23½	23½	−⅛
64¼	39⅞	PepsiCo	1.78	2.8	11	1725	63⅝	62¾	63⅜	+⅝
30⅛	21⅝	PerkEl	.56	2.8	13	632	24⅜	23⅞	24⅜	+⅜
8½	7⅜	Prmian	1.12e	15.	6	219	7⅝	7½	7½	−⅛
16⅞	10¾	PeryD s				337	15½	15⅜	15½	
44	31	Petrie	1.40	3.3	15	278	42⅝	41¼	42½	+⅜
28⅜	24⅛	PetRs	3.72e	14.		48	26½	26¼	26⅜	+⅛
17	14	PetRs	pf1.57	9.4		23	16⅞	16½	16⅝	−⅛
6	2¼	PtrInv	.90e	27.		88	3⅜	3⅜	3⅜	
53¾	34⅞	Pfizer	1.48	3.2	14	6283	46	45	46	+⅝
24	12⅞	PhelpD				402	21¼	21	21⅛	
55	34	Phelp pr	5	9.8		186	51¼	51¼	51¼	−½
46¾	29	PhibrS	.54	1.4	20	4359	38	37¼	37⅞	−⅛
16⅝	13¼	PhilaEl	2.20	15.	5	2114	14⅝	14⅜	14⅝	+⅛
32	24⅛	PhilE	pf3.80	14.		z1440	28½	28	28	−1
35	25½	PhilE	pf4.30	14.		z450	31½	31½	31½	−1½
36½	27¼	PhilE	pf4.40	13.		z800	33½	32½	33½	+½
37½	30	PhilE	pf4.68	14.		z300	35	34	34	−1½
56	40¾	PhilE	pf 7	13.		240	54¼	54¼	54¼	−1½
69	54¼	PhilE	pf8.75	13.		z160	65	64	65	+1
11½	9¼	PhilE	pf1.41	13.		146	10⅜	10⅛	10½	
10⅞	8⅜	PhilE	pf1.33	13.		77	10	9⅞	10	−⅛
61	49¼	PhilE	pf7.85	14.		z50	58½	58½	58½	
10⅜	8⅛	PhilE	pf1.28	14.		83	9⅜	9⅜	9⅜	−¼
136	104	PhilE	pf 17.13	14.		z50	119	119	119	−1
61	50	PhilE	pf7.80	13.		z430	58⅞	57⅞	58⅞	+⅞
60	48	PhilE	pf7.75	14.		z200	56	55½	56	+¼
23¼	15¼	PhilSub	1.32	6.5	12	75	20⅜	19½	20⅜	+⅝
95⅛	72	PhilMr	4	5.8	9	3674	76	75⅜	76	+1½
[illegible]										
87	63	ReyM	pf4.50	6.3		3	71	71	71	−1
26⅝	24½	ReyM	pf2.30	8.9		198	25¾	25¾	25¾	−¼
68¾	26⅝	RchVck	1.48	2.2	23	602	68⅜	68	68⅜	+⅛
33½	21½	RiteAid	.50	2.1	15	1436	23⅝	23	23⅝	+⅝
7⅞	2½	RvrOk n			17	28	3	2⅞	2⅞	−⅛
36⅜	28⅛	Robshw	.20	3.6	8	50	33⅝	33⅜	33½	
41⅞	25½	Robtsn	1.60	5.9		35	27⅜	27	27	+¼
24⅜	5½	vjRobins				644	9¼	9	9	
24⅞	16⅞	RochG	2.20	11.	5	378	20⅝	20⅜	20⅝	−⅛
42⅛	31	RochTl	2.44	6.7	9	25	36½	36¼	36½	+½
20⅜	16¾	RckCtr n				1109	18½	18⅜	18⅜	+⅛
41¾	27¾	Rockwl	1.12	3.2	9	1200	35⅛	34⅞	35¼	−⅛
73	55¾	RohmH	2.20	3.3	11	80	66⅛	66	66	−⅛
70	40	Rohrln			10	111	58½	58¼	58½	+1⅛
27¼	14	RolnCm	.40	1.5	36	61	26⅝	26⅜	26¼	−⅛
18¼	5½	RolinE s			20	486	10⅜	10¼	10⅜	+⅛
12⅜	8⅝	Rollins	.46	4.0	17	263	11⅜	11¼	11⅜	+⅛
3½	2	Ronson				24	2⅛	2	2	
19	11	Roper	.64	5.1		148	12⅝	12	12⅝	+⅝
47	24	Rorer	1.12	2.8	20	1068	42⅞	42¼	42½	+⅜
11⅞	7⅜	Rowan	.12	1.6	44	6226	7⅝	7½	7½	−⅛
64⅞	46	RoylD	3.29e	5.1	7	4136	64⅜	63⅜	64⅛	+1⅛
17	10⅛	Roylnt s			16	393	13½	13⅜	13⅜	+⅛

Remaining NYSE columns: [illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 37

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Confidence pushes to record

A LATE upswing in Wall Street's blue chip stocks took the Dow Jones Industrial average to a new closing peak yesterday, *writes Terry Byland in New York.*

Several major brokerage houses opened buying programmes in the final half hour of trading. IBM and the other computer leaders featured in the buying spree, but second line stocks had little chance to follow suit.

An earlier attempt to move forward had been checked when support faded away, and the market showed only minor gains for most of the session.

However, the final spurt left the Dow Jones Industrial average with a net gain on the day of 17.69 points at 1368.50, a clear nine points above the previous high reached in July. Turnover, boosted by 27m shares in the last hour, totalled 118m shares.

Technology stocks, often seen as the standard bearers of contemporary stock markets, continued to give a bouyant lead as trading results flowed in from major companies.

The actively traded American Telephone & Telegraph, dipped $⅜ to $21⅛ as the market took a cautious look at the third-quarter trading statement.

MCI Communications, a rival for the long distance telephone business, ended unchanged at $29⅛, while GTE, at $39¼, also shed $⅛.

The computer sector was unsettled by the lower profits announced by Honeywell, which fell $1 to $61. But late trading saw IBM $1¼ up at $129¼, Digital Equipment $1⅛ up at $107⅞ and NCR $¼ higher at $35.

Among manufacturing stocks, Caterpillar Tractor fell $⅛ to $36⅞ on the news that currency gains boosted profits in the third quarter. Merck, the pharmaceutical group, also influenced by the strength of the dollar jumped $3⅛ to $112¾ on a 16 per cent gain in third-quarter earnings.

Banking results continued to flow, featured by higher earnings at Bankers Trust, $¼ up at $64½ and Republic NY, $⅛ up at $46⅞. Continental Illinois fell $⅛ at $7¾ in very thin trading after the trading report.

Automotive stocks closed firmly on news of important developments in the industry. At $69¾, General Motors added $½ after disclosing that it is discussing plans for a joint venture in machine tools with Fiat. Chrysler, hit by a strike in both its U.S. and Canadian plants, was $⅛ up at $37⅞, while Ford at $46⅞, shed $¼.

After a firm start, the Dow Transportation average turned lower, dragged down by weakness in the domestic air carriers. American Airlines later added $⅜ to $40⅛ but Delta shed $½ to $39½.

Takeover speculation, however, continued to drive Pan Am higher, leaving the stock finally unchanged at $8⅞ – just under its 52-week high – as the market hoped for a fresh move by Resorts International, which disclosed this week that it is considering a major asset sale.

Monsanto, up $¼ at $43⅞ provided a firm spot in a dull chemicals sector, where Dow gained $⅛ to $35½ and Du Pont $⅝ to $59⅝.

Pfizer lost $⅝ to $46 on further consideration of the results but other pharmaceuticals took their cue from Merck. At $58½, Bristol-Myers added $1¾ while Upjohn, still responding to its trading statement and also to optimism over its anti-baldness product, jumped $4½ to $120.

Consumer stocks were active, both on corporate news and takeover speculation. Beatrice Foods, returning after a brief suspension when Kohlberg Kravis announced a leveraged buyout offer of $45 a share in cash and securities, jumped $2⅛ to $44⅞, with huge trading indicating the presence of the arbitrageurs.

Colgate Palmolive at $32¼, bounded by $1⅜ in heavy turnover as speculators continued to look for a bid from Unilever, and refused to be discouraged by reported denials that Sir James Goldsmith, the UK entrepreneur, had sold his stake in Colgate to the Anglo-Dutch group.

A new speculative favourite on the consumer stock trading desks was Anheuser-Busch, the brewer of Budweiser beer, which jumped $2 to $37, with 2m shares traded on rumours that the Bronfman distilling family of Canada would bid $50 a share via Brascan, the family controlled investment vehicle.

On the American Stock Exchange, Wang Laboratories edged up by $⅛ to $16⅛ as the technology results season continued to flow.

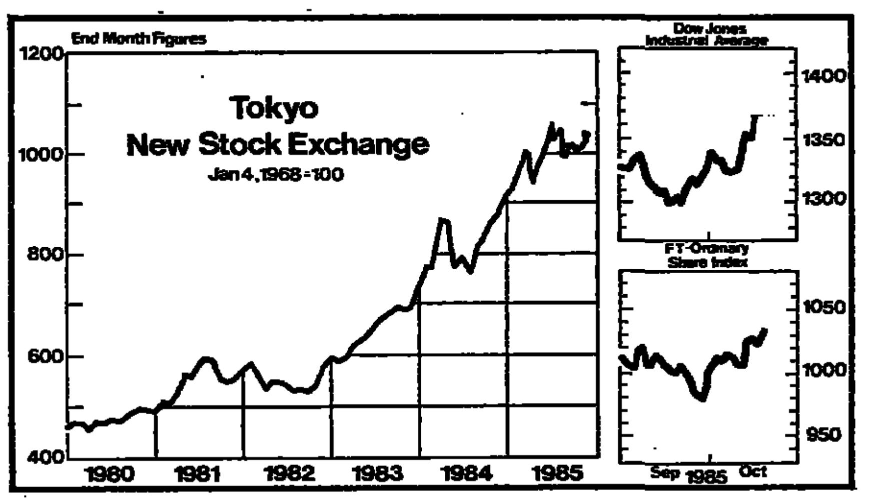
In the credit markets short-term rates held steady again, behind a federal funds rate down below 8 per cent once more.

In the bond market, the shortage of bonds caused by the Senate's delay in approving the new federal debt ceiling is beginning to make itself felt.

Market specialists commented that bond prices were being sustained by this lack of supply, and could fall sharply towards the end of the month when approval of the debt ceiling opens the floodgates for about $50m in Treasury refunding.

However, bond prices showed little change yesterday on a continued lack of retail interest.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Oct 16	Previous	Year ago
DJ Industrials	1,368.50	1,350.81	1,197.77
DJ Transport	662.80	657.42	520.83
DJ Utilities	154.34	153.98	140.95
S&P Composite	187.98	186.08	164.78
LONDON			
FT Ord	1,034.9	1,023.9	838.7
FT-SE 100	1,326.2	1,320.9	1,124.3
FT-A All-share	645.86	643.0	522.27
FT-A 500	707.44	703.99	565.26
FT Gold mines	295.1	299.9	537.6
FT-A Long gilt	10.19	10.18	10.5
TOKYO			
Nikkei-Dow	13,036.56	13,055.52	10,757.90
Tokyo SE	1,037.40	1,042.20	836.19
AUSTRALIA			
All Ord.	1,033.9	1,030.8	754.5
Metals & Mins.	533.2	530.0	455.5
AUSTRIA			
Credit Aktien	100.39	100.82	56.48
BELGIUM			
Belgian SE	2,662.01	2,651.64	–
CANADA	*Oct 16*	*Prev*	*Year ago*
Toronto			
Metals & Minls	1,857.51	1,850.32	1,993.0
Composite	2,645.17	2,630.95	2,406.0
Montreal			
Portfolio	128.60	127.49	118.45
DENMARK			
SE	231.17	231.46	164.04
FRANCE			
CAC Gen	211.3	211.5	180.0
Ind. Tendance	118.7	119.4	95.7
WEST GERMANY			
FAZ-Aktien	559.28	559.56	371.99
Commerzbank	1,634.6	1,639.6	1,083.0
HONG KONG			
Hang Seng	1,618.37	1,602.89	1,020.01
ITALY			
Banca Comm.	396.05	398.81	207.37
NETHERLANDS			
ANP-CBS Gen	214.5	214.4	178.5
ANP-CBS Ind	188.5	188.5	140.9
NORWAY			
Oslo SE	375.74	375.39	261.78
SINGAPORE			
Straits Times	751.36	746.46	858.61
SOUTH AFRICA			
JSE Golds	–	1,108.5	1,002.9
JSE Industrials	–	985.0	860.9
SPAIN			
Madrid SE	122.47	120.57	107.84
SWEDEN			
J & P	1,366.98	1,354.05	1,449.9
SWITZERLAND			
Swiss Bank Ind	491.4	487.7	374.9
WORLD	Oct 15	Prev	Year ago
Capital Int'l	227.2	227.2	182.6

GOLD (per ounce)

	Oct 16	Prev
London	$323.50	$327.25
Zürich	$323.75	$327.35
Paris (fixing)	$326.13	$327.60
Luxembourg	$326.00	$326.95
New York (Dec)	$368.80	$329.20

** Latest available figure*

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Oct 16	Previous	Oct 16	Previous
$	–	–	1.408	1.413
DM	2.685	2.6615	3.78	3.76
Yen	217.4	215.5	306.0	304.5
FFr	8.1825	8.115	11.52	11.465
SwFr	2.204	2.1835	3.155	3.085
Guilder	3.0245	3.0	4.2575	4.24
Lira	1,808.0	1,795.0	2,545.5	2,536.0
BFr	54.20	53.85	76.3	76.1
C$	1.3705	1.37	1.9317	1.9369

INTEREST RATES

	Oct 16	Prev
Euro-currencies (3-month offered rate)		
£	11 9/16	11 9/16
SwFr	4⅝	4 11/16
DM	4 13/16	4 11/16
FFr	10	10 1/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¼	8¼
6-month U.S.$	8⅜	8⅜
U.S. Fed Funds	7 15/16	8⅛
U.S. 3-month CDs	7.90	7.90
U.S. 3-month T-bills	7.19	7.185

U.S BONDS

Treasury		Oct 16* Price	Yield	Prev Price	Yield
9	1987	100 3/32	8.85	100 4/32	8.92
10⅛	1992	101 3/32	10.119	100 29/32	10.16
10½	1995	101 13/32	10.265	101 5/32	10.30
10⅝	2015	100 24/32	10.532	100 15/32	10.58

Corporate	Oct 16* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	100⅛	10.35	100⅛	10.35
3⅞ July 1990	82¼	8.55	82¼	8.55
8¾ May 2000	83⅞	11.10	83⅞	11.10
Xerox				
10⅞ Mar 1993	98.85	10.85	98.85	10.85
Diamond Shamrock				
10¾ May 1993	96⅝	11.30	96⅝	11.30
Federated Dept Stores				
10⅞ May 2013	93⅞	11.35	93⅞	11.35
Abbot Lab				
11.80 Feb 2013	102½	11.50	102½	11.50
Alcoa				
12¼ Dec 2012	99½	12.30	99⅜	12.30

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	75–21	75–29	75–17	75–19
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.80	92.84	92.79	92.79
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.0	92.01	91.96	91.98
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.72	91.72	91.66	91.67
20-year Notional Gilt £50,000 32nds of 100%				
Dec	113–12	113–17	113–11	113–14

COMMODITIES

(London)	Oct 16	Prev
Silver (spot fixing)	440.70p	442.80p
Copper (cash)	£965.50	£969.50
Coffee (Nov)	£1,657.50	£1,644.50
Oil (spot Arabian Light)	$27.75	$27.75

TOKYO
Caution weakens support

CONCERN among investors over high prices in Tokyo yesterday brought share prices down for the first time for nine trading days, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average, which reached an all-time high on Tuesday, fell 18.96 to 13,036.56. Volume rose from Tuesday's 443.8m shares to 495m. Losses outpaced gains by 460 to 369, with 124 issues unchanged.

Selling dampened large-capital stocks and domestic demand-related issues. However, blue chips – notably electrical, precision-instrument and biotechnology stocks, were bought briskly.

That contrasted with the pattern from late September to early October when large-capital and domestic demand-related stocks attracted strong buying interest, and blue chips and biotechnology stocks were sold heavily.

Behind yesterday's dull performance was growing scepticism that the yen would be able to hold its relatively high level against the dollar. Investors were also disappointed by the Y3,000bn measures to stimulate domestic demand adopted by the Japanese Government on Tuesday.

Among actives, Mitsubishi Heavy Industries, with 21.2m shares changing hands, closed Y19 lower at Y439. Tokyo Gas lost Y8 to Y315 and Tokyo Electric Power Y80 to Y2,530.

Among domestic demand-related issues, Ohbayashi shed Y34 to Y416, Shimizu Construction Y31 to Y407 and Mitsubishi Estate Y70 to Y1,060.

Electrical and precision instruments rose on strong demand. Sumitomo Electric Industries, which is expected to benefit from increased capital spending by electric power companies, gained Y19 to Y850.

Kuraray rose Y20 to Y1,420 and Yamanouchi Pharmaceutical Y70 to Y3,250.

A securities company official said institutional investors and business corporations sold large-capital and domestic demand-related stocks and then bought blue chips and biotechnology issues.

However, the majority view was that buying interest in blue chips and biotechnology issues would be short-lived, in view of lingering Japan-U.S. trade friction and other external factors.

Fujitsu, which came under heavy selling pressure the previous day because of the expected profit decline, remained unchanged at Y1,010.

Bond trading was inactive. The yield on 6.8 per cent government bonds, maturing in December 1994, fell marginally to 5.530 per cent from 5.545 per cent the previous day, because of speculative buying by a brokerage house.

SINGAPORE

PROFIT-TAKING was largely countered in Singapore by speculative buying in active trading and the Strait Times industrial index closed 4.90 higher at 751.36.

Turnover was 17.5m shares, compared with 13.3m on Tuesday and gains outpaced falls 125 to 35 with 181 shares unchanged.

Among actives Palmco closed 9 cents higher at S$1.41, Raleigh was 8 cents up at S$3.84 and Arab Malaysia Development added 7 cents to S$1.08.

EUROPE
Rate cut boosts Brussels

A CUT in Belgium's key discount rate yesterday gave the signal for another round of buying on the **Brussels** bourse which carried prices of many leading issues to their third consecutive record.

The reduction in the discount rate by 0.5 percentage point to 9 per cent strengthened the market's underlying tone which was boosted by the victory last Sunday of the country's centre-right coalition in national elections.

Yesterday's price increases were considerably smaller than in the post-election surge and dealers noted mild profit-taking among stocks which have registered the steepest advances.

The Brussels SE index ended at a new peak of 2,661.01, up 10.69 and lifting the increase this week to 151.74 of which 132.38 was scored on Monday.

Foreign buyers again demonstrated interest in Petrofina which ended BFr 40 higher at BFr 6,560 and generated support for other oil stocks.

Utility and holding-company stocks responded most favourably to the interest rate cut with Ebes closing BFr 50 up at BFr 3,650, Group Bruxelle Lambert BFr 40 higher at BFr 2,380 and Société Générale de Belgique BFr 20 the better at BFr 2,020.

Investors in **Frankfurt** chose to take their profits, following the highs hit earlier in the week.

The Commerzbank index dipped 5 from Tuesday's peak to 1,634.6 on heavy trading in a broad range of leading issues.

The Daimler-AEG takeover move again enlivened activity. The decision by AEG bank shareholders to dispose of their 30 per cent stake to Daimler at the DM 170 offer price took some of the heat out of the situation and cleared the way for both stocks to slip sharply.

Daimler fell DM 25 to DM 1,048 and AEG DM 12.30 to DM 201.70. Selling was most marked among banking stocks which have been at the fore of the recent demand. Deutsche dropped DM 9.50 to DM 678.50, Dresdner DM 4.50 to DM 338, and Commerzbank DM 1.70 to DM 254.80.

VW was a firm point among car stocks, adding DM 3.50 to DM 337.50, while BMW slipped DM 2 to DM 498 and Porsche DM 9 to DM 1,305.

Bond traders repeated Tuesday's caution as the dollar showed continued strength and allowed prices to slip by up to 60 pfg in moderate business. The Bundesbank bought DM 43m worth of domestic paper, compared with DM 156.60m on Tuesday.

Encouraging corporate results further invigorated trading in **Zurich.** Credit Suisse led a strong banking sector which has been advancing at a slower rate than other sections during recent sessions. It ended SwFr 180 higher at SwFr 3,080 followed by Union Bank, up SwFr 245 to SwFr 4,600, and Swiss Volksbank SwFr 50 higher at SwFr 2,150.

Nestlé was also well supported and closed SwFr 85 up at SwFr 7,525

Amsterdam traded slowly although internationals received steady backing and aided a marginal rise in key indicators.

Profit takers moved into **Paris,** causing widespread although marginal price declines. Expectations that the intervention rate will be cut today grew during the day, creating a slightly stronger tone near the close of business.

Nervousness caused by political considerations afflicted business in **Milan,** although a late recovery lifted prices from their lows for the day.

Market leader Fiat closed L55 lower at L4,455 and Pirelli fell L60 to L2,990. Improvers included Olivetti up L50 to L5,570 and Mediobanco L700 higher at L132,000.

Speculation that the Swedish central bank will announce interest rate cuts lifted prices, during a more active session in **Stockholm.** The Veckans Affarer index rose 3.5 to 474.3 – one of its most significant moves in several weeks.

For the second consecutive day **Madrid** advanced with all sectors making ground on relatively heavy turnover.

AUSTRALIA

OIL and gas shares helped Sydney to rally in active trading after a weak start. The All Ordinaries index closed 3.1 firmer at 1,033.9.

Turnover nationally was 63.2m shares, compared with Tuesday's figure of 53.7m and falls outpaced gains 252 to 216.

Among market leaders BHP reversed its loss the day before to close 16 cents higher at A$8.90. Other resources were also well up including Oil Search, 10 cents higher at 89 cents on continuing high hopes for its New Guinea exploration, Santos, which added 18 cents to A$5.60, and Bridge Oil, up 10 cents to A$2.35.

CANADA

A RALLY among bank stocks led Toronto to higher in thin trading. National Bank of Canada traded C$⅜ higher to C$19¾, Bank of Montreal added C$¼ to C$29¾ and Canadian Imperial Bank of Commerce added C$½ to C$36¾.

Mines were generally weaker with golds affected by the fall in the bullion price. Lac Minerals shed C$1⅛ to C$31⅞ and Campbell Red Lake was down C$⅝ to C$31⅞.

Elsewhere Canadian Pacific Enterprises added C$⅛ to C$26⅞

In Montreal banks were ahead but industrials and utilities were largely unchanged.

LONDON
Boardroom figures fire rise to peak

ENCOURAGING trading results and continued bid speculation helped London to close at a record yesterday with the FT Ordinary share index 11 higher at 1,034.9.

The tone at the close was in contrast to trading earlier in the session which was marked by indecision, reflecting traders' divided views over the market's short-term course.

Later in the day demand, including that from institutions, surfaced as Hawker Siddeley firmed 26p to 407p and British Home Stores, added 10p to 318p in active trading, after good results.

Speculation about a consortium-led bid boosted Lucas Industries 20p to 465p to a peak for the year. Royal Bank of Scotland shed 6p to 278p on the announcement that Lloyds Bank had sold about 14m shares in the company. Lloyds rose 12p to a high of 439p.

Among other actives, C. H. Bailey rose 1¼p to 17½p, Cadbury Schweppes 8p to 148p, ICI 7p to 649p and Kenning Motor was 15p better at 145p.

Long and short-dated government securities eased fractionally earlier in the day but steadied later to close with scattered movements in either direction.

Chief price changes, Page 37; Details, Page 36; Share information service, Pages 34–35

HONG KONG

BLUE CHIPS attracted strong local buying in Hong Kong boosting the Hang Seng index 15.48 higher to close at 1,618.37.

The revival in trading was helped by the bullish sentiment following the index's rise above 1,600 on Tuesday. It now stands at its highest level since August 30.

Among actives Cheung Kong and China Light were both up 20 cents to HK$18.90 and HK$16.30 respectively, Hongkong Electric added 5 cents to HK$8 and Hongkong Land was also 5 cents better at HK$6.60.

SOUTH AFRICA

THE WEAKENING bullion price and a firmer rand combined to bring golds lower in Johannesburg.

Buffelsfontein ended the day R1.25 down at R75.75 and Driefontein shed 25 cents to R51.75.

Other minings and mining financials which followed the trend included Anglo American Corp, 75 cents lower at R33.75 and Rustenburg Platinum, down 65 cents at R22.85. But diamond share De Beers was 25 cents higher at R13.50.